

Application Guidelines

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Mission:

The mission of the Southern Interior Development Initiative Trust is to support regionally strategic investments in economic development projects that will have long-lasting and measurable regional benefits for the Southern Interior.

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FORWARD

This program guide for the Southern Interior Development Initiative Trust contains guidelines and instructions to assist project proponents in preparing funding applications.

The Trust's Strategic Plan, these Application Guidelines, Frequently Asked Questions, Application forms and other Trust materials are available at www.sidit-bc.ca.

Project proponents should review these materials when applying for funding. Hard copies of all documents are available upon request.

In order for the Trust to determine project eligibility, proponents are directed to submit a Stage 1 Application.

Stage 1 Applications will ideally be submitted by email. Alternatively, one hard copy of the completed Stage 1 Application with supporting materials, along with an electronic copy of all material on a CD may be submitted by mail.

For those projects deemed by SIDIT to be eligible under a Stage 1 review, proponents will be requested to submit a Stage 2 Application including such additional information as identified by the Trust.

Please note that a project determined to be eligible for funding based on a Stage 1 Application does not guarantee a favorable funding outcome with respect to the subsequent Stage 2 Application.

The Trust at its discretion may make a funding decision on grants based on materials submitted under Stage 1 Application.

I. OVERVIEW

1.1 About the Trust: History and Legislative Base

On February 27, 2006 the government of British Columbia enacted legislation launching the Southern Interior Development Initiative Trust (“SIDIT” or the “Trust”) with a \$50 million one time allocation paid into a Regional Account. The Trust has the powers and capacity of an individual of full capacity and is not an agent of the government.

The objective of the Southern Interior Development Initiative Trust is to help grow and diversify the economy of the Southern Interior of British Columbia through economic development initiatives in 10 key sectors.

Governance of the Trust is the responsibility of a 13 member Board of Directors. Four Directors are appointed by each of the two Regional Advisory Committees (RACs) representing the Columbia Kootenay and Thompson Okanagan regions. The remaining five directors, all of which are from the Trust area, are appointed by the provincial government. RAC membership is comprised of local government elected officials and members of the Legislative Assembly, from the region.

In addition to appointing members to the Board, RACs may identify and make recommendations on projects they consider appropriate for funding.

The Board of Directors is empowered to make all decisions for the Trust.

1.2 Primary Targets for Funding

The 10 key sectors specifically identified for Trust funding support are:

- Agriculture
- Economic development
- Energy
- Forestry
- Mining
- Olympic opportunities
- Pine Beetle recovery
- Small Business
- Tourism
- Transportation

1.3 Priority Focus Areas

The following were identified as the strategic priorities that will be considered by the SIDIT Board of Directors in their review of project proposals.

- Contribution towards economic sustainability of small communities
- Regional impact
- Realistic measurement criteria established to assess project outputs
- Job creation or enhancement
- Economic diversification
- Leveraging other funds (It is expected that projects supported by SIDIT will have a minimum of matching funds invested by either the project proponent or other parties)
- Filling funding gaps
- Avoiding overlap and duplication
- Economic merit
- Research and Development leading to commercialization
- Strategic initiatives
- Ensuring geographic sensitivity in the disbursement of SIDIT funds

1.4 Project Funding – Type and Limits

The Trust Board will consider applications for the following types of funding:

Grants:

Funding made to support eligible projects with no requirement for financial return to the Trust. In addition to direct grant funding SIDIT may partner with other funding agencies to assist in the identification of qualifying projects and administration of SIDIT grants. Emphasis on initiatives with clear economic development benefits. Please note that proposals from private interests do not qualify for grants. “Private Interests” include all forms of business ownership such as corporations, partnerships, joint ventures and sole proprietorships.

In-Kind Policy for grant applications: please refer to Policy Manual, Item 3.05, under documents in the resource tab of SIDIT’s website, for guidelines pertaining to eligible In-Kind contributions.

Loans:

Funding made to support eligible projects in the form of a loan, generally for a term not exceeding five years, subject to principal repayment with interest, and such security terms and conditions as SIDIT deems applicable. Loan terms including fees and rates will be market based.

Equity Funding:

Funding made to support eligible projects in the form of an equity interest by the Trust. Generally SIDIT will provide equity funding either directly or indirectly through an investment fund managed by a 3rd party or in syndication with private or venture equity investors.

Limits:

Subject to matching funding from other sources, the Trust will fund from a minimum of \$25,000 to a maximum of \$1,000,000 per qualifying for loan or equity investment.

Subject to matching funding from other sources, limits for grant funding are from \$10,000 to \$50,000 per qualifying project. The total annual commitment to grant funding has been set at \$750,000 which represents 10% of the \$7.5 million, annual funding budget. Qualifying projects from non-profit interests may be eligible for combined grant plus loan funding to a maximum \$1,000,000.

SIDIT has committed \$5.4 million over 3 years to education awards which are to be administered by southern interior colleges and the British Columbia Innovation Council. This funding is separate from the annual allocation for grants but falls within the \$7.5 million annual funding budget.

Funds budgeted but not disbursed in any one year may be carried over for disbursement in subsequent years.

II. ELIGIBILITY CRITERIA

Eligibility for SIDIT funding shall be subject to SIDIT's criteria described in these Guidelines, SIDIT's Three Year Strategic Plan, The British Columbia Trustee Act, the Southern Interior Development Initiative Trust Act (the "Act") and any other applicable legislation or regulations, all as may be amended from time to time.

2.1 Area Eligible for Funding

A map of the Trust's coverage area, accessible at www.sidit-bc.ca, will help proponents identify the Southern Interior Development Initiative Trust's service area. Reference to the SIDIT Act accessible at http://www.leg.bc.ca/38th1st/3rd_read/gov08-3.htm also provides details on coverage area. Projects whose benefits extend beyond the Trust area may be considered; however funding will generally be limited by the economic benefits accruing to the SIDIT area.

2.2 Eligible Applicants

Eligible applicants include: non-profit societies, institutions, local and regional governments, industry associations, private interests, First Nations, public-private ventures, and improvement districts. Other entities may be considered. Multi-stakeholder partnerships are encouraged. Applicants must demonstrate that they have the legal authority, capacity and approval to enter into and execute a contract with the Trust.

2.3 Eligible Projects

Projects that meet the following criteria will be considered for SIDIT funding

- deliver long- term, measurable economic benefits such as job creation and enhancement, increased revenue, increased tax base and economic diversification to the southern interior area of British Columbia
- projects which are consistent with the Trust's Strategic Plan, these guidelines and the SIDIT Act

Applicants must demonstrate:

Project meets the program criteria

Financial contributions from other sources including Applicant's financial contribution.

High standards of financial management and accountability. Innovative approaches.

Capacity to deliver results.

2.4 Ineligible Projects

The Trust has identified the following as being ineligible for financial support from the Trust:

1. Municipal Infrastructure (i.e., core services)
2. Feasibility studies
3. Health studies
4. School facilities
5. Religious institutions
6. Activities contravening local, provincial or federal legislation
7. Sponsorships
8. Political donations
9. Projects that may result in substantially adverse impacts on neighboring communities or existing businesses
10. Projects that can be funded entirely by other government programs

2.5 Eligible Costs

The following are examples of costs that SIDIT funds may be applied to:

1. Properly and reasonable incurred costs necessary for the implementation of the project.
2. Other direct and necessary costs for the successful implementation of the project and that have been approved in advance as part of the project budget and as set out in a Contribution Agreement.
3. For capital projects, the costs of new construction or renovation of fixed capital assets.
4. Fees for professionals and consultants specifically engaged to undertake the surveying, design, engineering, and interpretation, in support of the construction of a capital project.
5. The cost of environmental assessments and permitting requirements associated with capital projects.

III. APPLICATION PROCESS

The Trust will utilize a two stage application process.

Stage 1 Application – To determine project eligibility

Stage 2 Application – To evaluate detailed project proposals for funding

3.1 How to Apply

Application forms are available online at the Southern Interior Development Initiative Trust website, www.sidit-bc.ca

All applications should be completed electronically in Microsoft Word format and emailed to the Trust office at admin@sidit-bc.ca. Financial tables and spreadsheets should be submitted in Microsoft Excel format and all supporting information should be submitted electronically. As an alternative, applications may be submitted on a compact disk along with one hard copy mailed to: SIDIT, #204, 3131 – 29th Street, Vernon, BC, V1T 5A8.

Trust staff will review the proposal to ensure it is complete prior to circulating to Regional Advisors and Board Members for evaluation.

STAGE 1 APPLICATION

3.2 Stage 1 Application Process Overview

Stage 1 of the application process is designed to be relatively simple and deal with essential information necessary to allow the Trust to determine project eligibility. It is intended to avoid costly and time consuming proposals for projects which may not be eligible. The Stage 1 Application allows Regional Advisory Committees to assist in the process of determining eligibility and providing support for project proposals.

1. Applicants submit a 3-4 page Application to the Trust. A template document is available at www.sidit-bc.ca.
2. Information to be included in the Stage 1 Application is outlined below.
3. Trust staff will answer enquiries but will not provide direct assistance in the preparation of Stage 1 Applications.

4. Stage 1 Applications will be reviewed by the Trust staff and forwarded to the appropriate Regional Advisory Committee for its recommendation.
5. The Board may undertake a separate evaluation which may include technical or professional consulting services to assist in determining project eligibility.
6. Once a determination is made, a decision letter will be sent to the Applicant.
7. If a project is deemed ineligible, the Trust will advise the applicant as to why the project is not eligible.
8. For projects deemed to be eligible, the Applicant will be generally invited to submit a Stage 2 Application, however for certain grant applications the Board may make a funding decision without requiring such further application. Refer to section 3.5 for Stage 2 Application information.
9. Applicants approved for grant funding will be provided a Contribution Agreement which sets out the terms and conditions under which the grant funding will be released. Execution and agreement to the Contribution Agreement is a pre-condition of SIDIT grant funding. Please refer to the sample Contribution Agreement located under documents in the resource tab of SIDIT's website.

3.3 Stage1 Application: Detailed Guidelines

Please provide the following information when completing a Stage 1 Application, utilizing the form provided.

A. APPLICANT INFORMATION

Name, address, telephone numbers, name of key contact, type of proponent (community, non-profit, P3, private interest, First Nation, association, local government etc.).

B. PROJECT INFORMATION

1. Project Name
2. Project Description: Describe the overall project; identify key elements; give the project goals and objectives; communities or region benefitting. Provide an initial statement of work, responsible organization and personnel and time frames for implementation.
3. Investment Sector: Identify the key investment sectors that the Project applies to. Sector Consistency: Please describe which "sectors" the project fits under and how it is consistent with the strategic sector information provided in the Strategic Plan.

4. Budget: The initial budget should include:

- Project Costs – Provide a breakdown of the projects key elements. If a capital project, provide a capital budget.
- Source of funds and amount requested. Identify sources and amounts of funding, cash, contributions as well as other funding proposals that may be in process. Outline the amount and type of funding being requested from the Trust.
- Cash Flow Analysis – If the project is a revenue generating project, please submit a cash flow analysis and an indication as to how funds generated would be used.

Please use Microsoft Excel for financial tables.

5. Time Lines: Identify the projected starting and completion dates, planning phases and key milestones.

6. Project Benefits: Describe the tangible economic benefits. This should include matters such as where the benefits will accrue (locally or regionally or both), investment leverage, job creation, enterprise creation and/or retention; economic diversification; description of other economic impact on region and/or local community.

7. Market Assessment and Competitive Impact: Describe the market the project is seeking to serve and any studies completed in support of your project. Identify potential and real competition and any adverse or positive impacts on adjacent communities.

8. Management Capability/Organizational Structure: Provide an overview of project management skills and competency of your organization to undertake the project.

9. Other Benefits: Please identify non economic or intangible benefits that may be considered.

10. Attachments: The applicant may attach drawings, letters of support or other materials that may clarify or support the project.

C. AUTHORIZATION:

Proponents must certify the information provided and consent to allow the Trust to share the information contained in the Stage 1 Application with the Regional Advisory Committee and Trust staff, professional advisors or consultants.

Completed Stage 1 Applications along with supporting documentation should be sent electronically or mailed to the address provided at the end of these Guidelines. When sending electronically the signed Authorization section should be faxed to (250) 545-6896.

STAGE 2 APPLICATION

3.4 Stage 2 Application: Process Overview

Only those projects, confirmed in writing by SIDIT as eligible, through the Stage 1 Application process will advance to the Stage 2 Application process.

If material changes are made to the project from the time Stage 1 eligibility is determined, the proponent must verify before submitting a Stage 2 Application that the project still qualifies. Please contact Trust staff. All material changes are to be documented in the Material Changes section of this Application.

Eligible applicants will be requested to submit a Stage 2 Application within a reasonable period following notification of eligibility. Generally this period should be less than 6 months from notification of eligibility but may be extended under extenuating circumstances.

Applicants will be required to provide detailed information regarding project objectives, partnerships, community support, a business plan, a work plan with principal milestones, pertinent background studies if required, benefits and risks. SIDIT may also conduct or request due diligence reports, searches and reviews on each applicant including but not limited to any legal, financial, accounting or environmental due diligence that SIDIT may deem necessary. The applicant must provide their consent and full and complete access to any records that SIDIT may require as part of its due diligence process. SIDIT may utilize outside resources including but not limited to its Credit Union lending partners to conduct due diligence reviews and as such Applicant may be contacted directly by such outside service providers. Applicants wishing to verify the authority of these service providers are invited to contact the SIDIT office at (250) 545-6829.

The information provided will be used to evaluate applications for funding. All documents, reports and materials submitted to the Trust become the property of the Trust and as such will be kept confidential. The Trust reserves the right to engage 3rd party technical analysis. Proponents in making an Application for funding must provide an Authorization and Consent declaration as a condition of the Stage 2 Application.

After the Stage 2 Application is submitted, following a due diligence review by Trust staff, the proposal is forwarded to the Board for review and decision. Funding decisions will normally be made at general or special Board meetings which are held at least quarterly.

The Applicant will be contacted in writing following a decision by the Board.

3.5 Stage 2 Application: Detailed Guidelines

For enquiries related to these guidelines please contact the Trust staff.

A. APPLICANT INFORMATION

A Stage 2 Application Cover Sheet is available at www.sidit-bc.ca and should be completed, including both the Applicant Information and Authorization sections and forwarded with the following information.

B. PROJECT INFORMATION

In preparing a Stage 2 Application the following headings and format is recommended. It is the responsibility of the proponent to ensure that all relevant information is provided.

1. Executive Summary

In one or two pages provide a summary of the proposal describing principal goals, objectives; activities to be undertaken, project team; location; wealth/work created; estimated costs; funding requests and start/completion dates.

2. Project Objectives

Describe the project. Provide an overview of specific objectives and how the proposal meets the eligibility criteria and Trust's objectives found in the Strategic Plan.

3. Project Description

Describe and identify who the partners are and the nature of their support. Attach relevant letters of support. Describe any proven experience that is relevant to the success of the project.

4. Detailed Business Plan

Attach a copy of a detailed business plan which should include a work plan that details how your project will proceed with time lines and key milestones. The plan should identify the project leader, the roles and responsibilities of partners, the number of people to be employed, and management capacity to successfully complete the project.

The business plan should include a detailed budget and show how it relates to the amount of funding requested and provide a breakdown of funding to be provided by other sources and a cash flow estimate. It is necessary for the business plan to include documentation that confirms other funding sources and that the project will comply with all legal and regulatory requirements that may be required.

The business plan should also include details of any technical, feasibility or marketing studies or any pilot projects undertaken or researched that will support the evaluation of the proposal.

5. Benefits

Provide a detailed overview of how the proposal will create long term sustainable regional economic development and diversification benefits in your community or in the region. Explain how the project will be sustainable and what assumptions or evidence you propose support the case for economic sustainability. This can be achieved by supporting marketing studies, business plans etc. For the economic sustainability of the project itself, please prepare and submit a financial “operating pro-forma” outlining three years of operating costs and revenues.

The following categories have been selected to guide applicants to identify and describe the regional and/or local economic benefits of project proposals.

Please select only the category or categories that apply to your project or submit other benefits that you foresee. The list below is only a listing of suggested potential benefits and only some or one may apply in any particular project.

Long term, quantifiable and measurable benefits should be emphasized.

- Employment – permanent and temporary full time equivalents
- Economic diversification – new product, service offering currently non existing
- Regional and/or local benefits
- Economic efficiency – savings or gains through collaboration or technology
- Enterprise recruitment and/or retention – attraction of supporting businesses
- Economic sustainability
- Management capability -include skills and experience of the principals
- Skills capacity building
- Environmental sustainability – improvement, risk mitigation, sensitivities
- Increase in number of visitors - \$ impact
- Increase in total sales and export sales (outside of BC)
- Taxable capital investment
- Total Investment

All programs will be subject to financial and performance reviews to ensure effective utilization of Trust funds. Applicants will be required to keep records and submit reports to demonstrate benefits claimed.

6. Leverage

The Trust expects that at minimum matching funds will be provided from other sources. Please identify all other funding sources and calculate the leverage ratio relative to funding requested from the Trust.

7. Risks

Provide an overview of the principal risks to the success of the project and how these risks will be mitigated.

8. Material Changes

Identify all material changes made to the proposed project since the Stage 1 Application, under which project eligibility was determined.

C. AUTHORIZATION

Applicants must carefully read and acknowledge the terms and conditions outlined in the authorization section of the Stage 2 Application Cover Sheet, which includes specific consent to share information.

The Trust reserves the right to request that such declaration be notarized.

SIDIT may engage external agencies and financial institutions to administer loan or equity funding and such agencies or institutions may have guidelines, policies and rules which if applicable will be incorporated in the terms and conditions of SIDIT funding. All applicable terms and conditions will be covered under a funding agreement as may be entered into between the applicant and SIDIT.

Completed applications are to be forwarded electronically to: admin@sidit-bc.ca or

1 hard copy plus one compact disk mailed to:

Southern Interior Development Initiative Trust
#204, 3131 – 29th Street,
Vernon, BC
V1T 5A8

Phone: (250) 545-6829

Fax: (250) 545-6896