

DRAFT Saint Paul Business Assistance Fund Guidelines

The purpose of the Saint Paul Business Assistance Fund is to provide financing to new and existing businesses that have a need for capital to improve and/or grow their business and have not been able to access adequate financing from other sources. The financing must be used in a way that serves a public purpose, as outlined below.

The Saint Paul Business Assistance Fund evaluates loan requests from businesses that submit the Business City Loan Application. After an interested business submits an intake form that provides basic information about the business and the requested assistance, a staff person from Saint Paul Planning and Economic Development (PED) will follow-up to discuss available resources and next steps.

If it is determined the business is eligible for Business Assistance Fund financing, the entrepreneur will be asked to submit a loan application and provide PED staff with the additional information outlined below in the Required Application Attachments section.

Eligible Businesses

New and existing for-profit businesses located in Saint Paul are eligible to apply for financing from the Business Assistance Fund.¹ The Business Assistance Fund is gap financing that should be considered the resource of last resort, and PED requires that applicants have inquired to other funding sources before submitting an application to the Saint Paul Business Assistance Fund.

Eligible Uses

The Business Assistance Fund is limited to the following eligible uses:

1. Building improvements – interior and exterior, including permanently affixed, physical (“bricks and mortar”) enhancements which strengthen and/or improve the neighborhoods of Saint Paul
2. Equipment purchase
3. Building acquisition
4. Working capital and inventory purchase
5. Professional fees in conjunction with the completion of the project

Required Application Attachments

In addition to the loan application, the applicant must submit the following documents:

1. Sources and Uses for proposed project
2. Financial projections
3. New businesses and substantially expanding businesses must submit a business plan

¹ Exceptions include: (a) adult oriented materials or any adult uses, as that term is defined in section 65.661 of the St. Paul Legislative Code or successor provisions thereto (the “Code”, or (b) pawn shops as defined in section 65.531 of the Code; or (c) the sale, lease, trade or other transfer of firearms; or (d) any sales of drug related paraphernalia; or (e) any exhibition, either live or by other means, to any degree, of nude or partially clothed dancers or wait staff; or (f) check cashing or currency exchange; or (g) flea market; or (h) massage parlor; or (i) tattoo parlor.

4. Existing businesses must submit business financial statements
5. Personal financial statements

Staff will review the application and other documentation and complete a score for each request to determine how this request aligns with the Saint Paul Planning and Economic Development public purposes.

Public Purpose Evaluation

In addition to considering viability and need, approved projects will be scored on how they meet the following public purposes:

1. Retain existing jobs and/or create new jobs; planned wages will be considered.
2. Provide stabilizing effects in the community, including, but not limited to increasing the tax base, leveraging private investment, investment in low-mod income area, and redeveloping vacant space.
3. Positive Impact for Protected Classes metrics: BIPOC owned business; increased job opportunities for community residents.

Financing Terms

Financing from the Business Assistance Fund cannot exceed \$150,000 or 50% of the total project costs (whichever is less), and will be provided under the following flexible terms:

1. All financings will be provided as a loan to be repaid, with flexible interest rates and terms to best meet the needs of the project. Standard will be a 3% interest rate and an eight-year term.
2. Loans can be subordinate to other private financing.
3. Security interest, mortgage (as applicable), and personal guaranty will be required for all loans.