

DRAFT Business Assistance Fund Guidelines

The Business Assistance Fund provides financing to new and existing businesses that have a need for capital to improve and/or grow their business and have been unable to access adequate financing from other sources. The financing must be used in a way that serves a public purpose, as outlined below.

Eligible Businesses

New and existing for-profit businesses located within Saint Paul are eligible to apply. The Business Assistance Fund is gap financing that should be considered the resource of last resort. Applicants are required to have explored and been unable to obtain other financing before submitting an application to the 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

Public Purpose Evaluation

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

1. Create new Jobs in Saint Paul, or
2. Benefit the Community in at least **ONE** of the following ways:
 - Positive tax base impacts through capital investments to real property
 - Renovation of vacant building/multi-tenanted space
 - Investments in low-moderate income areas
 - Investments to meet documented underserved or unserved community need.

Financing Terms

Project financing must include no less than 10% owner equity. Financing from the Business Assistance Fund when combined with any other City or HRA dollars including but not limited to STAR and/or CDBG, is targeted to be less than 50% of the total project costs, with a typical loan size ranging from \$20,000-\$150,000. The following flexible financing terms would apply:

1. All financing will be provided as a loan to be repaid, with flexible interest rates and terms to best meet the needs of the project. Standard terms are 3% interest rate and an eight-year term.

2. Security interest, mortgage (as applicable), and personal guaranty will be required for all loans and can be subordinate to other private financing.

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

To apply:

Interested businesses should submit a business intake form and a Project Manager will follow-up to schedule a meeting to learn more about the project and request for assistance. Email the completed form and any questions to xxx@ci.stpaul.mn.us.