



<p><b>City Goals:</b> The City's small business loan programs meet the City Goals to create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets; maintain the physical infrastructure to ensure a healthy, vital and safe City; and to promote public community and private partnerships to address disparities and to support strong, healthy families and communities.</p> <p><b>Comprehensive Plan:</b> The proposed projects must be in compliance with the policies of the Minneapolis Plan.</p> <p><b>Zoning Code:</b> The proposed projects must be in compliance with the City's Zoning Code.</p> <p><b>Living Wage/Job Linkage:</b> N/A</p> <p><b>Other:</b></p>	
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**Background/Supporting Information:** As we have transitioned the small business loan programs from the MCDA to the City, program guidelines and documentation have been reevaluated for compliance with City process and procedures. The attached guidelines reflect changes that bring them into compliance.

The goal of the Business Development Fund (BDF) is to fulfill a financing gap experienced by a number of businesses as they seek to expand their operations and remain in or move to the City of Minneapolis. The BDF loans are made in conjunction with other financing provided by the lending community. The loans are participations with banks and the banks service these loans on behalf of the City. In addition to assisting with filling that gap the BDF provides an incentive in the form of prepayment credits for the hiring of Minneapolis residents.

BDF loan cannot exceed \$75,000 or 50 percent of total project costs, whichever is less. Credits may be earned for each Minneapolis resident hired on a full-time basis who remains employed for a minimum of one year and within that year is paid a living wage + benefits. The amount of each credit is determined by the amount of the BDF loan.

The BDF Program has originated in excess of \$2 million in 30 loans since its inception in 1993. Businesses accessing the BDF loan have received credit for 276 jobs created and filled by Minneapolis residents.

It is requested that there be delegation authority to the Director of CPED or his designee to underwrite and execute the lender agreements and supporting documents consistent with the Business Development Fund Program.

DATE \_\_\_\_\_

# RESOLUTION of the CITY OF MINNEAPOLIS

By \_\_\_\_\_

**Delegating authority to make and execute Participation Agreements and other appropriate loan documentation consistent with the Business Development Fund Program Guidelines.**

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:  
If the City Charter allows, authority is delegated by the City Council to the Director of the Department of Community Planning and Economic Development (CPED) or his designee, the Manager of Business Finance for CPED, to make and execute Lender Agreements and other appropriate loan documentation not to exceed the City Council authorized appropriation for the Business Development Fund Program and for a maximum term of ten (10) years.

Certified as an official action of the City Council:

RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
President Ostrow							Goodman						
							Lilligren						
Zerby							Schiff						
Samuels							Niziolek						
Johnson							Benson						
Johnson Lee							Colvin Roy						
Zimmermann							Lane						

PASSED \_\_\_\_\_  
DATE

APPROVED  NOT APPROVED  VETOED

ATTEST \_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR DATE

## **Business Development Fund** **Guidelines**

**"The Business Development Fund (BDF) was established to provide public financial support for growth and redevelopment in the manufacturing, industrial and distribution sectors of the Minneapolis economy."**

### **I. Public Purpose**

To further economic development goals in Minneapolis by encouraging the creation of employment opportunities for Minneapolis residents.

To assist for-profit businesses with a variety of financial incentives to encourage growth and/or relocation in Minneapolis.

To stimulate private sector lending in Minneapolis through joint funding efforts with various City` financial programs.

To expand the Minneapolis property tax base.

### **II. Participation and Funding**

BDF will operate as a public/private partnership, utilizing private lenders, equity contributors, and other public sector programs as appropriate.

BDF participations will be in the form of loans with flexible terms of repayment, generally subordinated to lender or other approved financing. Terms may include an option for a maximum gradual loan forgiveness of up to \$37,500 on a \$75,000 loan or 50% of the principal amount of the loan based on Minneapolis resident employee hires.

Loan participations for any one project shall not exceed \$75,000 or 50% of total project costs, whichever is less.

Interest rates for BDF loans shall not exceed the primary lender's rate of interest.

The term of the BDF shall not exceed ten (10) years

BDF loans will be made to any business purchasing City-owned land only if there are no other financial incentives offered based on job creation, towards the land cost.

BDF participations shall be collateralized whenever feasible.

In addition to other collateral offered, the personal guarantees of all principals is required.

### **Employment Goals**

After closing on the loan, prepayment credits are earned for each Minneapolis resident hired on a full-time basis who remains employed for a minimum of one year and within that year is paid a living wage of \$9.73 per hour + benefits. (Full-time is considered 37+ hours per week.) Review for credits are made on the 18<sup>th</sup>, 30<sup>th</sup> and 42<sup>nd</sup> month anniversaries of the closing of the loan. The amount of each credit is determined by the amount of the BDF loan. A business receiving a \$75,000 BDF loan will receive the maximum credits if it creates 12 new jobs within the first three years of the loan.

### **Eligibility Criteria**

BDF applicants must demonstrate they meet one of more of the following criteria:

The company has the potential for growth.

The company will provide living wage job opportunities for City residents.

- The company's growth will strengthen the City's property tax base.

Eligible applicants shall include owners of businesses located in Minneapolis or companies considering relocating in Minneapolis. **If at anytime the business moves out of Minneapolis, the loan will be due and payable immediately.**

## **V. Application Process**

All applicants must submit a complete application package.

The following documents must be included in the application package:

- A comprehensive business plan
- Two years projected cash flows
- Two years prior audited financial information  
(balance sheets/profit & loss statement)

Personal financial statements of all owners  
Two years prior tax returns (business & personal)

Eligible uses include the following:

Inventory  
Production Equipment  
Real estate/building expansion  
Move-in costs  
Leasehold improvements  
Working capital  
Acquisition of business assets  
City-owned land costs (if no other financial incentive based on job creation)

#### **VI. Program Priorities**

Based on limited funding, priority will be given to projects based on:

Job creation potential  
Businesses that currently pay a living wage of \$9.73/hr. + benefits.  
Private contribution leverage  
Acquisition or usage of city-owned land or sites

#### **VII. Program Administration**

The City Council shall establish annual funding levels for the BDF Program. The Director of CPED or his designee ~~The Business Finance Division of CPED~~ will administer the BDF program. Administration includes: approving Borrowers for the program, establishing appropriate yearly funding levels, modifying goals and guidelines as necessary, managing and servicing the loan portfolio and resolving problem loans if necessary. Underwriting and final terms of BDF loans to be determined by the Business Finance Division.

#### **VIII. Job Linkage Policy**

All borrowers receiving BDF funds will be requested to sign a Job Linkage Agreement and to post all new positions with the NET assigned to the business.

#### **IX. ~~Affirmative Action~~**

~~All borrowers receiving BDF funds will be required to develop an approved Affirmative Action Plan prior to the closing on the BDF loan.~~