

DEED awards small-business loans

Written by Sunny

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The Minnesota Department of Employment and Economic Development (DEED) awarded \$1.03 million in loans that will help small businesses create 233 jobs statewide and retain another 472 jobs.

The loans were awarded under the agency's State Small Business Credit Initiative, which uses federal funding to stimulate private-sector lending that enables small manufacturers and other businesses to expand. DEED officials estimate the loans will leverage an additional \$15.89 million in private capital.

In all, 31 Minnesota businesses will receive loans, including Northshore Manufacturing Inc. in Two Harbors, the French Hen Café in St. Paul and STAFF Manufacturing in Lester Prairie.

"One of the biggest challenges faced by promising small businesses is gaining access to capital in the early stages of their development," said DEED Commissioner Katie Clark Sieben. "This program provides Minnesota businesses with funding that will enable them to expand and create jobs."

The funding was distributed through three state funds that were created under the initiative:

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Emerging Entrepreneurs Fund - The fund supports micro-enterprises and small businesses with fewer than 50 employees, targeting minority- and women-owned businesses and those located in economically distressed areas.

Funds may be used for start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment.

- Total funding distributed: 16 loans worth \$615,000
- Jobs: 64 created and 323.5 retained
- Private capital: \$10.84 million

Small Business Loan Guarantee Program - The program guarantees up to 70 percent of a loan made by non-traditional lenders like community development corporations, community development finance institutions and other nonprofit entities. Banks and credit unions will benefit by a reduction in overall financing risk.

Funds may be used for construction; remodeling or renovation; leasehold improvements; purchase of land, buildings, machinery and equipment; maintenance or repair; expenses related to moving into or within Minnesota; and working capital (if secured by fixed assets).

- Total loan guarantees: One loan for \$224,000
- Jobs: 38 retained
- Private capital: \$2.23 million

Capital Access Program - The program encourages banks, credit unions and community development finance institutions operating in Minnesota to make loans that fall just outside the normal underwriting standards of lenders. Loans are available for industrial, commercial or agricultural businesses with up to 500 employees.

Funds may be used for start-up costs, working capital, business acquisitions and expansions, franchise financing, equipment loans, inventory financing, construction, and commercial, non-passive real estate acquisitions.

- Total funding distributed: 14 loan supports valued at \$193,500
- Jobs: 169 created and 111 retained
- Private capital: \$2.82 million

More details about the programs are available on the DEED website at www.PositivelyMinnesota.com/ssbci

DEED is the state's principal economic development agency, promoting business recruitment, expansion and retention, workforce development, international trade and community development..