



Office of Business & Economic Development
Duluth 1200 Fund Loan Program
411 W 1st St, Room 402, Duluth, MN 55802
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Duluth 1200 Fund General Loan Program Overview

PURPOSE: Provide incentive loans, other financial assistance or financial incentives for business expansions and relocations that will create jobs in the City of Duluth. Loans, other financial assistance or incentives will be made to eligible businesses to create the inducement necessary to structure financial packages.

ELIGIBLE USES: Low interest financing for up to 50% of the total cost of the project may be available to businesses for service, wholesale, manufacturing, and qualifying retail uses. These businesses must be located or be willing to locate within the Duluth city limits. This program is directed toward existing businesses that have been in operation for three or more years. New business start-ups are not normally eligible.

This program offers fixed rate financing for fixed assets for a term of up to 17 years, machinery and equipment for a term of up to seven years, and working capital for a term of up to five years.

Loan amounts borrowed per job created/retained may vary between \$10,000 to \$20,000 based on established 1200 Fund guidelines in the Duluth 1200 Fund Bylaws. The maximum amount to be borrowed for any project will be up to \$500,000. A loan with a participating bank and/or alternative lender (ARDC, Entrepreneur Fund, Northland Foundation, etc.) for a portion of the overall financial package is required to be at least equal to the 1200 Fund loan. Personal guarantees may be required for privately-held corporations.

Partial loan forgiveness may be available to businesses creating eight or more new manufacturing and/or high tech jobs that pay a starting wage in excess of \$50,000 per year plus state and federal mandated benefits and are maintained for a period of five years.

STRUCTURE: The 1200 Fund staff will provide the initial screening of applicants to determine compliance with the loan criteria, and will assist in the preparation of applications for those projects meeting such criteria. Applicants may work with other local development agencies to prepare their applications. Applicants are required to pay the legal fees incurred in making the loan. Typically the 1200 Fund loan is in the form of a participation in a bank loan.

Each applicant must include a comprehensive business plan (including a three-year projection of both the balance sheet and income statement), sources-and-uses of funds, and an assessment of the potential of the business. Financial statements for the immediate past three years, including a balance sheet, a profit and loss statement, and a sources-and-uses of funds statement current to the most recent quarter must also be provided.

SUMMARY:

- Maximum amount borrowed ranges between \$10,000 and \$20,000 per job created/retained based on 1200 Fund guidelines in the Duluth 1200 Fund Bylaws.
- Maximum loan will be up to 50% of the total job creation "project" cost and will not exceed \$500,000.
- Manufacturing, wholesale, service, and retail (non-personal) businesses may qualify.
- Loan Forgiveness of up to \$5,000/job created and maintained for 5 years is available for manufacturing and high tech industry jobs that pay an annual salary exceeding \$50,000 plus benefits.