



**Planning & Development Division**  
*Planning & Economic Development Department*

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## Duluth 1200 Fund

### Childcare Programs Overview

**PURPOSE:** The purpose of these programs is to provide loans and grants to assist licensed childcare providers in creating new childcare availability for families in Duluth, Minnesota.

**ELIGIBLE USES:** These loan programs offer fixed rate financing for fixed assets for a term of up to 17 years. The childcare provider must be located or be willing to locate within the Duluth city limits.

#### **PROGRAMS:**

##### **Childcare Loan Program:**

Loans under the Childcare Loan Program are intended to create additional new childcare availability in Duluth, Minnesota. Minimum loan amounts of \$10,000 are intended to create new childcare availability. A loan with a participating bank for the project is required to be equal to or more than the 1200 Fund loan financing. Alternative financing lenders include: the Northland Foundation, Minnesota Power, ARDC Revolving Loan Fund and the Entrepreneur Fund.

##### **Childcare Incentive Program:**

The childcare operation must be a small business defined as having fewer than (50) employees and must serve at least (25) children. A loan program recipient may be eligible for loan forgiveness up to (50%) of the principal amount as follows: \$2,500 for each childcare position that is created and remains available to families in Duluth, MN for (2) years; \$5,000 for each infant childcare position that is created and remains available for families in Duluth, MN for (2) years. The maximum loan amount may not exceed \$50,000.

##### **1200 Fund Childcare Collaboration Grants:**

The 1200 Fund aims to collaborate with non-profit and governmental entities seeking to address the childcare shortage in Duluth, such as but not limited to: The Northland Foundation, APEX, Minnesota Power, ARDC Revolving Loan Fund and Entrepreneur Fund. The 1200 Fund assistance may be in the form of a grant or a forgivable loan. The childcare provider must be licensed and Parent Aware rated. Priority will be given to providers that prioritize infant care and that offer extended/flexible hours. The 1200 Fund's assistance shall not exceed 25% of funding provided, with other limitations based on spaces created. The maximum amount for any collaboration grants will be \$100,000.

[www.duluthmn.gov](http://www.duluthmn.gov)

The City of Duluth is an Equal Opportunity Employer.

**STRUCTURE:** The City of Duluth Planning and Development department staff will provide the initial screening of applications via review of a pre-application form to determine compliance with the 1200 Fund Loan Criteria. Applications may work with other local development agencies to prepare their applications. Applicants will be required to pay legal and closing fees incurred for loan processing and any potential closing costs involved in making the loan lower. Loans may be approved between 4-6 weeks from the date of the submitted application.

Applicants will be required to submit for review:

- A comprehensive business plan (including a three-year projection of both the balance sheet and income statement).
- Sources-and-uses of funds.
- 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.
- A sources-and-uses of funds statement current to the most recent quarter may also be required.

If you have questions, please contact the Planning Department at [planning@duluthmn.gov](mailto:planning@duluthmn.gov) or call 218-730-5580.