



**EMPLOYMENT AND  
ECONOMIC DEVELOPMENT**

# **Main Street Economic Revitalization Program RFP Information Session**

8/5/21



# Agenda

- I. Introduction
- II. Program Overview
- III. Request for Proposals
  - I. Cover/Letter Summary
  - II. Narrative
  - III. Lender Enrollment Form
  - IV. Additional forms and requirements
- IV. Questions

# Why this new program?

- Minnesota's economy has had one of its most tumultuous 18 months in modern memory.
- Consumer confidence and momentum are critical to recovery.
- Commercial corridors are ecosystems that drive business growth and economic impact.
- The Governor and legislators wanted to create a vehicle for funding development in these corridors that will jumpstart and accelerate our economic growth.

# Main Street Economic Revitalization

- Provides funds to partner organizations to establish programs to support economic development and redevelopment projects that deliver the most economic impact in communities with the greatest needs due to conditions that have arisen since March 15, 2020
- 30% Matching Grants up to \$750,000 per project
- 80% Loan Guarantees for up to a \$2,000,000 loan per project
- A total \$80 million is available statewide
- No more than \$40 million available in the first round
- Round 1 applications open August 3, due August 31

# Definitions

- **Commercial corridor:** an area within a city or town or an area that crosses multiple cities or towns where there is concentration of commercial activity including retail, accommodations, services and employment
- **Main street:** the principal area within a single city or town where there is concentration of commercial activity including retail, accommodations, services and employment
- **Qualifying conditions:** these are needs for revitalization that have arisen in the proposed services area since March 15, 2020 (widespread property damage, widespread or major closures, COVID impacts, etc)
- **Partner organizations:** refers to organizations that are the direct recipients of grants, through this RFP, for the purposes of implementing revitalization programs in their proposed service areas
- **Eligible recipient:** refers to businesses, non-profits and developers who apply to partner organizations and receive grants or loans to complete their projects
- **Program partner:** refers to organizations that are collaborating with a partner organization to implement a revitalization program in their proposed service area

# Program Structure

- Partner organizations submit a proposal directly to DEED for funds targeting one or more main streets or corridors.
- Proposals are evaluated and awarded based on greatest need and economic impact
- Partner organization establishes program that will target a specific geographic area with state and matching funds
- Eligible recipients receive financing via grants or loans to complete projects
- Eligible recipients do not apply directly to DEED

# Needs and Conditions

- Proposals will define a service area that includes one or more commercial corridors impacted by conditions that have arisen since March 15, 2020. Qualifying conditions include but are not limited to
  - Widespread property damage due to fire, flood, arson, civil unrest and/or natural disasters.
  - One or more employer closures or multiple commercial space vacancies that have significant impact on the corridor or main street.
  - COVID-19 impacts on travel, tourism, retail and accommodation industries.

# Partner Organizations

- Eligible Partner Organizations include:
  - Foundations engaged in economic development
  - Community Development Financial Institutions (CDFI)
  - Non-profit organizations engaged in housing and commercial development
- Partner Organizations can use up to 4% of grant for administrative cost
- Not eligible:
  - Local governments and political subdivisions including economic development authorities, port authorities etc.
  - For profit organizations and developers



# Examples of Partner Organizations

- A foundation that runs loans and grants programs assisting entrepreneurs and/or funds community development efforts
- A CDFI that develops commercial real-estate for diverse entrepreneurs in low-income communities
- A 501(c) 3 non-profit organization that supports the redevelopment of historic main streets

# Eligible Recipients

- The entities applying for and receiving grants and loans to complete projects on properties and facilities they own or are developing in the proposed service area
  - Businesses and property owners
  - Non-profit organizations
  - Developers (for-profit and non-profit)
- Does not include local governments

# Examples of Eligible Recipients

- A property owner whose building was damaged by fire and wants to leverage their insurance proceeds to redevelop the property
- A business who has purchased their previously leased space and want to remodel vacant space on the 2<sup>nd</sup> and 3<sup>rd</sup> floor for additional housing or offices
- A non-profit agency who has purchased a vacant property and wants to develop it into a community-based small business incubator
- A developer who has purchased a vacant lot and wants to develop it into a mixed-use facility with commercial and housing space

# Eligible Uses for Grants and Loans

- Leverage grants and guaranteed loans can be used for the following:
  - Repair, or renovation of real property
  - Building construction
  - Landscaping and street scaping
  - Demolition and site preparation
  - Predesign and design
  - Engineering
  - Infrastructure
  - Related site amenities
- Does not include the purchase of real estate or business operations or business operating expenses, such as inventory, wages, or working capital.

# Leveraged Grants

- Covers up to 30% of an eligible project cost up to \$750,000 in state funds
- Grants must be matched with nonstate funds at 200% of the state's portion of the grant
- Matching funds may include but is not limited to:
  - funds contributed by a partner organization
  - insurance proceeds from an eligible recipient
  - loan proceeds
  - private grants
  - cash contributions
  - donations
  - local government contributions
  - the non-guaranteed portion of a guaranteed loan from this program
- Matching funds cannot include state or federal funds
- Matching funds sourced from other assets and sources must be restricted for use exclusively through this program
- An eligible project must have secured commitments for all required matching funds and all required development approvals before a leveraged grant may be distributed

# Leveraged Grants

## Example of a Leveraged Grant

Funding Source	Amount	% of total project cost
<b>Leveraged Grant (State's contribution)</b>	\$750,000	30%
<b>200% minimum grant recipient's contribution (no state or federal funds)</b>  A. Partner organization contributions B. Insurance proceeds C. Private grants and donations D. Loans E. Cash F. Local government contributions G. Non-guaranteed portion of a state guaranteed loan	\$1,500,000	60%
<b>Additional matching minimum</b> (can include state and/or federal funds)	\$250,000	10%
<b>Total minimum project cost</b>	<b>\$2,500,000</b>	<b>100%</b>

# Guaranteed Loans

- 80% loan guarantee for loans up to \$2,000,000
- Loan capital is sourced from other non-state or federal sources
- Loan guarantees are for a maximum period of 15 years from the origination of the loan
- DEED will use state funds to reserve up to 25% of the value of the loan in a loan guarantee trust fund to pay out defaulted loans
- The guaranteed portion of the loan may be subordinate to other loans made by lenders in the overall financing package
- An eligible project must have all required development approvals before a guaranteed loan may be distributed
- Full terms and conditions in RFP Form 2 “Lender Enrollment Form”

# Guaranteed Loans

## Example of a Guaranteed Loan

<b>Guaranteed Loan</b>	\$2,000,000
<b>Guaranteed portion (80%)</b>	\$1,600,000
<b>Loan Guarantee Trust Fund Contribution (min 10%, up to 25%)</b>	\$200,000
<b>Administrative Funds to Partner Organization (0.4%)</b>	\$8,000
<b>Total State Dollars</b>	\$208,000
<b>Total Non-State Dollars</b>	\$2,000,000



# Guaranteed Loans

## Example of a Guaranteed Loan Allocation

<b>Requested Lending Capacity (max \$2m per loan)</b>	<b>\$10,000,000</b>
<b>Total Loan Guarantees (80%)</b>	<b>\$8,000,000</b>
<b>Loan Guarantee Trust Fund Set-Aside (min 10%, up to 25%)</b>	<b>\$1,000,000</b>
<b>Administrative Funds (0.4%)</b>	<b>\$40,000</b>

# Administrative Cost

- 4% of a grant to a partner organization may be used for administration and monitoring.
- Eligible cost include personnel, fringe benefits, travel, equipment, supplies and contractual. Expenses not directly related to delivering grant objectives but necessary to support this grant funded program can include administrative costs. Administrative costs may include a portion of the following expenses: accounting, human resources, IT support, other general office expenses, executive or supervisory salaries and fringe, rent, facilities maintenance costs, utilities, Fleet vehicles, etc.

**(Leveraged Grants Allocation X 4%) + (Guaranteed Loan Allocation X 0.4%) = Admin Funds**

# Matching Funds and Deadlines

- Partner organizations must have matching funds identified and committed or will do so within the 15-month period following the awarding of grant funds
- Matching funds include:
  - funds contributed by a partner organization
  - insurance proceeds from an eligible recipient
  - loan proceeds
  - private grants
  - cash contributions
  - donations
  - local government contributions
  - the non-guaranteed portion of a guaranteed loan from this program
- Eligible projects must have secured all commitments and development approvals before receiving funds from partner organizations
- No grants or loans may be made after December 31, 2024
- All funded projects must be completed by December 31, 2026

# Collaboration

- Proposers are allowed and encouraged to partner to meet program objectives
  - Community outreach and facilitation
  - Financing (Banks, CDFIs, etc.)
  - Technical assistance to recipients
  - Community review process
- Must avoid conflict of interest in award decisions
- Partner organizations **cannot** fund their own projects or the projects of their collaborators
- Partner organizations **can** request funds from other partner organizations and must meet all the same requirements as any other recipient

# Request for Proposals

- Request for Proposals (RFP) Published August 3 by 3:00 pm
- Due August 31 by 4:00 pm
- Submitted via email in PDF format to [MSERP.DEED@state.mn.us](mailto:MSERP.DEED@state.mn.us)
- RFP Information Session August 5, 11:00 am (link will be posted on website)
- RFP Information Session August 12, 11:00 am (link will be posted on website)
- Answers to questions sent to [MSERP.DEED@state.mn.us](mailto:MSERP.DEED@state.mn.us) will be posted on the website FAQ
- Awards announced Fall, 2021

# Preview of Proposal Content

- Will define a service area that includes one or more commercial corridors impacted by conditions that have arisen since March 2020. Qualifying conditions include but are not limited to
  - Widespread property damage due to fire, flood, arson, civil unrest and/or natural disasters.
  - One or more employer closures or multiple commercial space vacancies that have significant impact on the corridor or main street.
  - COVID-19 impacts on travel, tourism, retail and accommodation industries.
- Will demonstrate economic impact of investments (leveraged funding, tax base increase, jobs created/retained, wages, reducing disparities)
- Will demonstrate that the partner organizations has the qualifications and capacities to successfully implement this program
- Describe how partner organization will conduct outreach, solicit request for assistance from eligible recipients, make award decisions, and include impacted communities in the process.

# Proposal Format

- Cover Letter and Program Summary (Form 1)
- Proposal Narrative
  1. Program Design and Work Plan
  2. Service Area and Project Need
  3. Economic Impact
  4. Matching Funds and Leverage
  5. Organizational Capacity
  6. Community Support
- Lender Enrollment (Form 2) – if applicable
- Partnership Chat (Form 3) – if applicable
- Additional required documents:
  - Affidavit of Non-collusion (Form 4)
  - Conflict of Interest Disclosure (Form 5)
  - Pre-Award Risk Assessment and Financial Review

# Proposal Evaluation

- Review committee composed on State staff and community reviewers
- Scoring on a 100 point scale weighted as follows:
  1. Project Summary – (0 points)
  2. Program Design and Work Plan (15 points)
  3. Service Area and Project Need (25 points)
  4. Economic Impact (25 points)
  5. Matching Funds and Leverage (20 points)
  6. Organizational Capacity (10 points)
  7. Community Support (5 points)
- Scores are averaged, proposal ranks and a recommendation for funding is made
- The Commissioner of DEED will review all committee recommendations and is responsible for award decisions. The award decisions of DEED are final and not subject to appeal.



# 1. Cover Letter and Program Summary (pg. 23)

- Detailed but brief overview of the proposed revitalization program
  - Organization details
  - Main streets and corridors
  - Qualifying needs
  - Funding request worksheet
  - Matching sources
  - Timetable
- Required but not scored separately from the content in narrative sections

# 2. Program Design and Work Plan (pg. 13)

- What are you going to do and how are you going to do it?
  - Outreach and Communications
  - Diversity, Equity and Inclusion Plan
  - Grant and Loan Application Process
  - Review and Award Process
  - Grant Making and Monitoring Processes
  - Lending and Underwriting Processes (see Form 2 “Lender Enrollment Form”)
  - Performance Management and Reporting

# 3. Service Area and Project Need (pg. 13)

- What are the main streets and/or commercial corridors that will be served by your program?
  - Can include one or more main streets and/or corridors within or across regions and cities.
- What are the needs and conditions that have arisen since March 15, 2020?
  - Widespread property damage due to fire, flood, natural disasters, arson, and/or civil unrest.
  - One or more employer closures or multiple commercial space vacancies that have significant impact on the corridor or main street.
  - Impact of COVID-19 and related Executive Orders on travel, tourism, retail and accommodation businesses.

# 4. Economic Impact (pg. 14)

- What impact will these investments have?
  - # of buildings and properties developed/redeveloped
  - Tax base increases
  - Jobs and Wages outcomes
  - Addressing disparities for diverse communities
- Use and modify tables and fields as needed.

# 5. Matching Funds and Leverage (pg. 16)

- How will state funds be leveraged to spur investments in revitalization efforts?
  - Total request for leverage grants
  - Total request for lending allocation and loan guarantees
  - Amount and sources of matching funds for leveraged grants
  - Amount and sources of loan capital for guaranteed loans
  - Committed vs non-committed funds
- All funds must be committed within 15 months of being awarded

# 5. Matching Funds and Leverage

- Matching funds include:
  - funds contributed by a partner organization
  - insurance proceeds from an eligible recipient
  - loan proceeds
  - private grants
  - cash contributions
  - donations
  - local government contributions
  - the non-guaranteed portion of a guaranteed loan from this program
- Eligible projects must have secured all commitments and development approvals before receiving funds from partner organizations
- No grants or loans may be made after December 31, 2024
- All funded projects must be completed by December 31, 2026

# 6. Organizational Capacity

- Scale, experience, qualifications, and capacity to implement a revitalization program
  - Does your organization have the people-power with the qualifications to implement a revitalization program?
  - What is your organization's experience in development and redevelopment?
  - Does your organization have the staff with language skills and cultural competencies to work with diverse communities?
  - How do your program partners bolster your capacity in any of these areas?

# 7. Community Support (pg. 17)

- Does your program have the support of the communities that will be served?
  - Local governments
  - Chambers
  - Community-based organizations
  - Neighborhood organizations
  - Business owners
  - Property owners
  - Residents



# Form 2: Lender Enrollment Form (pg. 27)

- Required form for those proposing a loan program as part of their revitalization program.
- Does your organization (or program partner) have the experience and capacity to manage a loan portfolio?
- What are your written procedures and criteria for lending?
- Additional terms and conditions.

# Form 3: Partnership Chart (pg. 31)

- If your proposal includes program partners list them and their roles
  - Name
  - Type of organization
  - Key Contact
  - Type of Commitment
  - Compensated or not
  - Conflict of Interest Disclosure
  - Anticipated amount of compensation

# Form 4: Affidavit of Non-collusion (pg. 32)

- Must submit proposal independent of any other proposers
- Cannot share the content of the proposal with anyone else except your program partners
- This does not preclude community outreach and planning

**Content of proposals are non-public data until the conclusion of the awarding process**

# Form 5: Conflict of Interest Disclosure (pg. 33)

- Proposers are obligated to abide by Office of Grants Management (OGM) Grants Policy 08-01 Conflict of Interest Policy for State Grant-Making
- Actual or potential conflicts of interest must be disclosed
- If there are actual or potential conflicts DEED will review and take steps to mitigate or eliminate conflicts

# Financial Review

- Complete the Pre-Award Risk Assessment Form and submit as separate attachment
- This is not scored nor will impact award decisions
- This may only impact conditions in the contract for mitigating risk
- Attach one of the required documents based on organization:
  - Financial statements (if you don't have an IRS 990)
  - IRS 990 (if revenue is less than \$750K a year)
  - Financial audit (if revenue is greater than \$750K a year)

# Post Selection Requirements (pg. 19)

- Prevailing wage: Any recipient receiving more than \$200,000 in grants or \$500,000 in loans proceeds from or backed by the state must comply with prevailing wage requirements under Minnesota Statutes 177.41 through 177.44.
  - More information can be found here: <https://www.dli.mn.gov/business/employment-practices/prevailing-wage-information>
- Vendor Registration: do it now if you have not already.
  - [https://supplier.systems.state.mn.us/psc/fmssupap/SUPPLIER/ERP/c/NUI\\_FRAMEWORK.PT\\_LANDINGPAGE.GBL?&](https://supplier.systems.state.mn.us/psc/fmssupap/SUPPLIER/ERP/c/NUI_FRAMEWORK.PT_LANDINGPAGE.GBL?&)
- More in RFP (page 18-20)

# Questions

- Program Website: <https://mn.gov/deed/business/financing-business/deed-programs/emergency-programs/economic-revitalization/index.jsp>
- Email questions to: [MSERP.DEED@state.mn.us](mailto:MSERP.DEED@state.mn.us)
- FAQ will be updated frequently
- 2<sup>nd</sup> information session 11:00 am, August 12, 2021