

## Dubuque Main Street and Dubuque Initiatives Collaboration Storefront/Leasehold Buildout

### Executive Summary

#### Challenge:

- Underutilized/blighted real estate exists in the Dubuque Main Street (DMS) footprint (See Appendix A). DMS footprint includes areas we understand are of focus for Dubuque Initiatives (DI).
  - Entrepreneurs exist with viable business models, however, lack upfront capital.
  - These projects often do not qualify for a traditional loan due to lack of collateral and sponsor strength

#### Proposal:

- Create a program in partnership between DI and DMS to help bring retail storefronts online that would otherwise remain vacant / underutilized

### Concept Ideas

- DI duties:
  - Commit up to \$100k in capital to provide support for entrepreneurs by providing guarantees of loans provided by local financials
    - Guaranty would be based on individual projects limited to the lesser of \$25k or up to 50% of the loan amount
      - Borrower would be required to put in at least 25% cash equity into the project
      - Financials invested due to the 50% direct exposure not guaranteed by DI
- DMS duties:
  - Advertises through banks and other avenues to announce opening of the program
    - Promotion details to be further developed and provided
  - Process managed as follows:
    - DMS partners with financials and helps provide pre-screening of deals that fit DMS goals
      - Help ensure business plan is adequate and utilized SBDC or similar supporting organization, as appropriate
    - Monitor total advanced under the program to remain within DI \$100k limit
      - Provide quarterly reporting updates to DI board including number and dollar amounts guaranteed, and project by project performance details including payment status.

*Please see the following page for additional stipulations and details.*

### Hypothetical Deal

- Barber would like to open a shop that requires \$25k in total renovations to a property in the DMS footprint
  - Entrepreneur is concerned of being able to get a loan without having any meaningful collateral to pledge. They meet with their financial institution to see if there are any options. Their banker is familiar with the Storefront/Leasehold Buildout program after education from DMS.
  - Financial institution underwrites viability of project with borrower
    - Business plan and project details/estimates reviewed with borrower and deemed reasonable
  - Barber brings minimum of 25% cash to the project, \$6.25k
  - Financial institution provides a loan for the difference, \$18.75k
    - DI provides guaranty of \$9.375k (50% of loan)
  - Financial institution monitors advances based on invoices provided for work completed
  - DMS partners with financial institutions to maintain spreadsheet of total advances to stay within aggregated DI approved guaranty commitment
  - Loans are monitored and repaid through financial institution. Each payment received will reduce DI's exposure in a pro rata amount of the principal reduction by their guaranty percentage.
    - Financial institutions to provide collection efforts should a project fail and will be interested given the limited guaranty pledged by DI which does not cover the full loan

**Dubuque Main Street & Dubuque Initiatives Storefront/Leasehold Buildout Program Details**

<b>DESIGNATED AREA</b>	One of Dubuque Main Street’s ten districts as identified in APPENDIX A, Dubuque Main Street Service Area.
<b>MAXIMUM &amp; MINIMUM PROJECT SIZE</b> shall	Maximum and minimum loan amount will be at the discretion of the financial institutions. Notwithstanding the foregoing, Dubuque Initiative’s (DI) guaranty shall not exceed \$25k per project.
<b>TERM</b>	Loans shall have a term of three to five years.
<b>GUARANTY</b> of	Dubuque Initiatives to provide a pro-rata, collection guaranty based on the lesser \$25k or up to 50% of the loan amount.
<b>INTEREST RATE</b>	Market rate as determined by the financial institution.
<b>AMORTIZATION</b>	Amortization to match the term of the loan. Payment stream may include up to 6 months of interest only for draw downs and stabilization. In all cases, principal & interest thereafter shall amortize the loan in full by maturity.
<b>ELIGIBLE ACTIVITIES</b>	<ul style="list-style-type: none"> <li>- Projects eligible for this program include façade and/or interior renovation, and leasehold improvements of commercial property located in the above mentioned “DESIGNATED AREA.”</li> <li>- Proceeds may not be eligible for refinance of existing debt.</li> <li>- Projects must complement Dubuque Main Street’s vision of a revitalized downtown as indicated in the organization’s mission statement. If there is any question about eligibility of a project, approval will be determined by a consensus of the Main Street Design Committee and Economic Vitality Committee. All decisions made by the committees will be considered final.</li> <li>- Speculative or white space buildout will not be eligible. The borrower shall be a business operator improving an underutilized storefront within the defined footprint.</li> <li>- Borrower must have a reasonable business plan and detailed plan for development.</li> <li>- Financial institutions shall use best efforts to exhaust traditional financial options and other forms of financial support including but not limited to government guarantees, and state and local programs and incentives prior to utilizing this program.</li> <li>- Individuals, or entities with common ownership, shall be limited to \$100k in support through this program, measured by dollars guaranteed by DI</li> </ul>
<b>COLLATERAL</b> to	1 <sup>st</sup> security interest in all general business assets. Financials to make best efforts obtain adequate collateral from other personal assets, as applicable. Loan amount shall not exceed 75% of the actual cost of the renovations.
<b>MONITORING</b>	Financials to monitor and approve advances of funds based on actual costs confirmed with invoices from borrower. Cash equity required upfront in all cases. DMS to partner with financial institutions to maintain list of projects and status.
<b>PARTICIPATING FINANCIAL INSTITUTIONS</b>	Participating financial institutions include Dubuque Bank & Trust, Dupaco Community Credit Union, Fidelity Bank & Trust, MidWestOne Bank, Premier Bank, and US Bank.

D U B U Q U E



## MAIN STREET

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### **TIME FRAME**

required

Application period for this program shall begin April 1, 2023. All loans are to be closed by December 31, 2023.

The terms and conditions detailed above are a broad outline of the Dubuque Main Street & Dubuque Initiatives Storefront/Leasehold Buildout Program and are not all-inclusive. Participating financial institutions, with input from Dubuque Main Street, will determine the eligible projects, credit worthiness, collateral, and repayment terms. Participating financial institutions reserve their right to approve or deny this program's applicability. Terms and conditions may change at a future date. Program will be exhausted upon Dubuque Initiatives providing a total of \$100k in guarantees.

If you require more information, or if you have any questions or comments, please contact Danielle Jacobs at (563) 588-4400.



DUBUQUE

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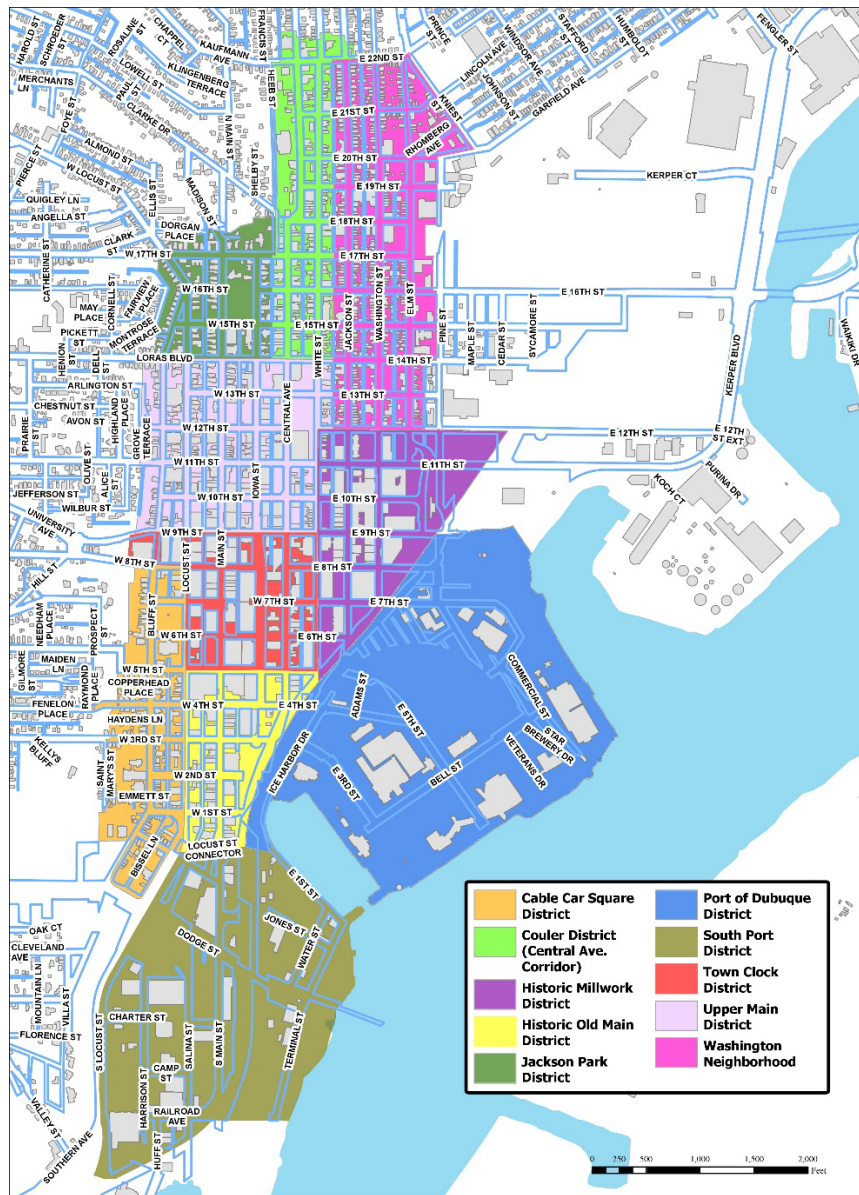
## Appendix A

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*Our Mission:* Dubuque Main Street is a not-for-profit organization dedicated to the development and ongoing support of downtown as the place in our community to thrive, dream, and explore. We serve ten downtown districts using four areas of concentration:

- **Design** – Attractive buildings, storefronts, streets, signs, green space and well-preserved architecture.
- **Economic Vitality** – A strong commercial community, achieved through business growth and recruitment, job creation, as well as adaptive reuse ...made possible through resource programs, financial assistance, and incentives.
- **Promotion** – We bring people downtown to live, work, and play.
- **Organization** – We build partnerships by collaborating between many organizations, across the public/private spectrum.



## SERVICE AREA



Jan. 2023