

## **Automation Loan Participation Program (ALPP) Loan Application**

### **Program Requirements:**

The Automation Loan Participation Program (ALPP) provides companion loans directly from the Minnesota Department of Employment and Economic Development (DEED). Eligible business types are Minnesota manufacturing, distribution, technology and warehousing businesses making investments in machinery, equipment or software to increase productivity and automation. Please see the [website](#) FAQs for information on eligible types of automation. Applications are accepted on a year-round basis as funds are available.

The ALPP provides gap financing in the form of a term loan that is matched at least 1:1 with financing from an established private lender. The loan will bear 1% interest on a five- to seven-year term. The business must work in conjunction with a private financing partner that will identify the financing gap and provide the required matching loan. The maximum loan is \$500,000.

This is a two-part application. The first section must be completed by the Business. The second section must be completed by the Partner Lender. Both sections must be complete for DEED to process the funding request.

### **Eligibility Considerations and Loan Process:**

- ALPP loans are funded through the U.S. Department of the Treasury's State Small Business Credit Initiative (SSBCI). All loans are subject to SSBCI rules and limitations.
- The business must demonstrate that it meets all program criteria, including being in an eligible industry and purchasing eligible automation-related machinery, equipment or software.
- There must be a lead "partner lender" that is the primary financing source for the project, including items to be purchased with the ALPP loan.
- There must be a demonstrable gap in available private financing for the cost of the machinery, equipment or software being purchased by the business.
- SSBCI funding may not be obtained after the business has ordered the machinery, equipment or software or after the partner lender has closed its loan.
- The business must be willing to permit the partner lender to share their credit presentation and other relevant information with DEED.
- DEED, the business, and the partner lender may discuss the project/loan independently or as a group. DEED may require additional documentation prior to approval.

- If the loan is approved, DEED will provide a commitment letter for its financing. This conditional commitment is not a guarantee the loan will close and DEED may rescind if project changes occur.
- DEED will coordinate its loan closing and funds disbursement with the partner lender to ensure program requirements are met.
- If appropriate to the project timeline and business needs, DEED may defer loan payments.
- Collateral is required for all loans, although it may be subordinate to the Partner Lender.
- Personal Guarantees are required from any owner with at least 20% of shares and any owner with over 10% of shares that are active in the business.
- Capital investment expenditures may only be counted after the loan agreement has been fully executed. The project should not commence prior to execution of the agreement without prior authorization from DEED.

## SECTION 1 – BUSINESS AND PROJECT INFORMATION

### Business Information

|   |                                  |
|---|----------------------------------|
| Business Legal Name:                              | Parent Company (If Applicable):  |
| Street Address for Project Site:                  | City/State/Zip for Project Site: |
| Business Mailing Address:                         | Business Mailing City/State/Zip: |
| Primary Business Contact:                         | Contact Title:                   |
| E-mail:   | Telephone:                       |
| Business Website:                                 | FEIN:                            |
| Business Legal Structure (e.g., LLC, Corporation) | SWIFT Minnesota Vendor Number*:  |
| <a href="#">NAICS Code</a> (6 digits):            | Year Business Opened:            |
| Brief description of business:                    |                                  |

|  |  |
|--|--|
| Total number of current employees (include parent company):  | Number of current full-time equivalent (FTE) employees (1 FTE = 2,080 hours per year): |
| <p>Does the property or the business have any outstanding local, state, or federal tax liabilities?</p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>  |  |
| <p>Are there current or unsatisfied judgements or injunctions against the business or owners?</p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No   If you answered "Yes" to this question, please attach a description.</p>   |  |
| <p>Is there current or pending litigation involving the business?</p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No   If you answered "Yes" to this question, please attach a summary and disposition.</p>   |  |
| <p>Within the past five (5) years, has there been any violation(s), citation(s), or complaint(s) of discrimination filed against the company in a state or federal court or before any state, federal, or local government agency?</p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No   If you answered "Yes" to this question, please attach a copy of the violation(s), citation(s), or complaint(s) and the disposition of each.</p> |  |
| <p>Have there been any current or past bankruptcies on the part of the business, or on the part of any current (or prospective) officer, principal, owner or in any business dealings of current (or prospective) officers, principals, or owners of the applicant entity?</p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>   |  |

\* Every individual or organization doing business with the state is considered a vendor. If you are not already registered, you will need to register as a vendor by going to the [Vendor Supplier Portal](#). The Vendor Number will ensure proper payment via electronic funds transfer (EFT) once performance goals are met. If you need assistance obtaining a Vendor Number or completing the registration process, please email [efthelp@mmb.state.mn.us](mailto:efthelp@mmb.state.mn.us) or call 651-201-8106. Please put your Vendor Number in the designated box above.

## Project Information

|  |
|--|
| <p>Loan Purpose – Detailed description of machinery, equipment or software to be purchased with loan proceeds:</p> |
|--|

Description of automation and benefits:

Project Sources and Uses:

| Use of Funds                              | Partner Lender | Equity  | ALPP Loan | Other (describe below) | Total   |
|---|----------------|---------|-----------|------------------------|---------|
| Property Acquisition or Site Improvements |                |         |           |                        | \$ 0.00 |
| Construction or Renovations               |                |         |           |                        | \$ 0.00 |
| Automation Machinery & Equipment          |                |         |           |                        | \$ 0.00 |
| Automation Software                       |                |         |           |                        | \$ 0.00 |
| Other Machinery & Equipment               |                |         |           |                        | \$ 0.00 |
| Other (describe below)                    |                |         |           |                        | \$ 0.00 |
| <b>Total Project Cost</b>                 | \$ 0.00        | \$ 0.00 | \$ 0.00   | \$ 0.00                | \$ 0.00 |

Description of "Other" source of funds: \_\_\_\_\_

Description of "Other" use of funds: \_\_\_\_\_

|                               |                                |
|-------------------------------|--------------------------------|
| Number of jobs to be created: | Number of jobs to be retained: |
|-------------------------------|--------------------------------|

Project Timeline:

| Task:                | Estimated Completion Date (MM/YYYY): |
|----------------------|--------------------------------------|
| Commitment of Funds  |                                      |
| Purchase Equipment   |                                      |
| Equipment in Service |                                      |

## Required Attachments

1. Partner Lender Credit Presentation
2. Line-item project costs and/or equipment vendor estimates. Totals should match sources and uses amounts listed above. Please use exact estimates.
3. Financials:
  - 3 years historical financials (profit & loss/balance sheets)
  - 2 years projections
  - Year to date internally generated financials

CPA audited or reviewed financials are required. If not available, copies of tax returns will be required.
4. Debt Schedule. Include name of lender, term, rate, loan amount, balance, and annual debt service.
5. Indicate type of business and attach documentation listed:
  - Corporation: Articles of Incorporation, By-Laws, Certificate of Incorporation
  - Partnership: Partnership Agreement
  - LLC: Articles of Organization, Operating Agreement, Member Control Agreement, Certificate of Organization
6. List holders of outstanding stock of 10% or more of business ownership. For holders over 20% and holders over 10% that are active in the business, personal financial statements must be submitted.

| Name | Title | % of Ownership | Email Address |
|------|-------|----------------|---------------|
|      |       |                |               |
|      |       |                |               |
|      |       |                |               |
|      |       |                |               |
|      |       |                |               |

7. List officers and key employees and bio or resume for each (President, Vice President, etc.).

**Business Certification:**

The undersigned:

- a) Grants permission to DEED to discuss their project with the Partner Lender named in Section 2 of this ALPP Loan Application and allows for that lender to share applicable documentation related to the loan,
- b) Certifies that all representations made in this ALPP Loan Application or information provided herein are true and complete to the best of his or her knowledge,
- c) Grants the State of Minnesota and its agents the right to contact individuals and organizations as the State may deem necessary to verify the accuracy and completeness of any and all applicant data,
- d) Agrees to execute and deliver written authorizations for the release of data or for any data privacy waivers reasonably required for the State to verify the accuracy or completeness of applicant data,
- e) Acknowledges that it is aware that the act of providing false applicant data may subject it to penalties provided by State and Federal laws.

Signature of Authorized Representative: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

SAMPLE

## Data Privacy Acknowledgement:

**Tennessee Warning Notice:** Per MN Statutes 13.04, Subd.2, this data is being requested from you to determine if you are eligible for assistance from the Minnesota Department of Employment and Economic Development. You are not required to provide the requested information, but failure to do so may result in the department's inability to determine your eligibility for assistance. The data you provide that is classified as private or non-public will not be shared without your permission except as specified in state and federal laws.

**Data Privacy Notice:** Per MN Statutes 13.591, Subdivision 1, certain data provided in this application is private or non-public data; this includes financial information about the business, including credit reports, financial statements, net worth calculations, business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds. Per MN Statutes 116J.401, Subd. 3., certain data provided in this application is private data; this includes data collected on individuals pursuant to the operation of business finance programs.

I have read the above statements and I agree to supply the information requested to the MN Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein. I certify that all information provided herein is true and accurate and that the official signing this form has authorization to do so.

Signature of Authorized Representative: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

SAMPLE

## SECTION 2 – PARTNER LENDER INFORMATION

### Lender Information

|                         |  |
|-------------------------|--|
| Lender Name:            | Loan Officer Name and Title:                   |
| Street Address:         | City/State/Zip:                                |
| E-mail:                 | Telephone:                                     |
| Lender Regulatory ID:   | Lender FEIN:                                   |
| Proposed Lender Amount: | Loan Term:                                     |
| Interest Rate:          | Total Origination Charges (may not exceed 2%): |

ALPP loans are intended to fill a gap financing need and require that there be a reason the business cannot obtain full financing for the project without assistance. Example reasons are below:

- The collateral does not meet the lender's policy requirements because of its uniqueness or loan-to-value
- The requested loan exceeds the lender's legal lending limit
- The requested loan exceeds the lender's internal policy limit regarding the amount that it can loan to one borrower
- The lender's loan policy normally does not allow loans to new ventures or businesses in the applicant's industry
- The business needs a longer maturity or term that is different than the lender's policy permits

Please describe the reason SSBCI participation is needed for purchase of the eligible machinery, equipment or software. Include details such as the loan-to-value shortfall.

Business equity is a typical part of financing for this type of project. If the Partner Lender is not requiring an equity contribution from the company, please provide the reason below.



**Partner Lender Certification:**

The Partner Lender attests that no funding has been committed to the project. The Partner Lender further attests that its loan will comply with State Small Business Credit Initiative (SSBCI) requirements, including fair lending and consumer protection laws, and that its proposed loan will not be enrolled in any other federal program such as those administered by the Small Business Administration and United States Department of Agriculture. SSBCI requires private capital at risk. By signing below, the Partner Lender agrees to retain at least 20 percent of the risk of loss of its proposed loan.

If an ALPP loan is provided for the project, the information contained in the application will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act found in Minnesota Statutes, Chapter 13. Additional information regarding Data Practices is in the Business Certification – Data Privacy Acknowledgement section above.

I have read the above statement and I agree to supply the information requested to the Minnesota Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein. I certify the information contained herein is true and accurate.

Signature of Authorized Representative: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_ Date: \_\_\_\_\_

