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## FY25 PROMISE Act Loan Program Annual Report

As required by 2023 Minn. Laws, Chap. 53, Art. 18, Sec. 3, Subd. 8 (b)

March 24, 2026

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## **PROMISE Act Loan Program Annual Report Legislative Mandate**

The Laws of Minnesota 2023, Chapter 53, Article 18, Section 3, Subdivision 8 (b) requires the Department of Employment and Economic Development (DEED) to report to the legislature on the Promise Loan program. The report is to include the following:

- 1) A report based on the information received by partner lenders that includes descriptions of the eligible recipients supported by the program, the amounts loaned, and an explanation of administrative expenses.

### **Program Background**

The Providing Resources and Opportunity and Maximizing Investments in Striving Entrepreneurs (PROMISE) Act was authorized by the Legislature pursuant to Laws of Minnesota 2023, Chapter 53, Article 18, Section 1. The PROMISE Act provides capital support in the form of grants and loans to businesses in communities that have been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, loss of population or an aging population, or lack of regional economic diversification. This report is limited to the PROMISE Act Loan Program authorized by the Legislature pursuant to Laws of Minnesota 2023, Chapter 53, Article 18, Section 3.

The program was established to provide grants to partner organizations that provide loans for eligible projects. Eligible projects include the development, redevelopment, demolition, site preparation, predesign, design, engineering, repair, land acquisition, relocation, or renovation of real property including infrastructure, related site amenities, landscaping, and street-scaping. Eligible recipients must have gross revenue of less than \$1,500,000 and their business must be located in a community that has been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, a loss of population or an aging population, or a lack of regional economic diversification. Loans made pursuant to this program are to encourage investment, provide jobs for the community, and promote economic development. Loan terms are set by the lender with a maximum loan size of \$1,500,000 at an interest rate not to exceed three percent for a term of no more than twenty years.

The legislature modified the program pursuant to Laws of Minnesota 2025, 1st Special Session, Chapter 6, Article 4, Sections 32-34. The modification expanded eligibility to include equipment purchases, increased maximum gross annual revenue from \$1,000,000 to \$1,500,000 based on the prior taxable year, increased the maximum loan size from \$1,000,000 to \$1,500,000, expanded the maximum term from 10 years to 20 years, expanded eligible uses to include refinancing of existing debt, and removed the restrictions on uses of funds by partner organizations for interest and principal repayments by borrowers.

The program received an appropriation of \$30,000,000 pursuant to Laws of Minnesota 2023, Chapter 53, Article 20, Section 2, Subdivision 2 (aa). Of this amount, the legislature prescribed the distribution amongst the six Minnesota Initiative Foundations and Metropolitan Economic Development Association (MEDA) as shown in Table 1.

**Table 1: Distribution of Program Funds to Partner Lenders**

<b>Lender</b>	<b>Allocation</b>
Metropolitan Economic Development Association	\$24,000,000
Northland Foundation	\$1,000,000
Northwest Minnesota Foundation	\$1,000,000
West Central Initiative	\$1,000,000
Initiative Foundation	\$1,000,000
Southern Minnesota Initiative Foundation	\$1,000,000
Southwest Initiative Foundation	\$1,000,000
<b>TOTAL</b>	<b>\$30,000,000</b>

Of the \$24,000,000 allocated to MEDA, the legislature prescribed that \$9,000,000 be earmarked for the North Minneapolis West Broadway, Camden, or other Northside neighborhoods, \$9,000,000 for the South Minneapolis Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors, and \$6,000,000 for the St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods as shown in Table 2. The geographic distribution amongst these three neighborhoods or corridors is mapped in Appendix A.

**Table 2: Geographical Distribution of Program Funds Provided to Metropolitan Economic Development Association**

<b>Location</b>	<b>Allocation</b>
North Minneapolis West Broadway, Camden, or other Northside neighborhoods	\$9,000,000
South Minneapolis Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors	\$9,000,000
St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods	\$6,000,000
<b>TOTAL</b>	<b>\$24,000,000</b>

## Use of Program Funds

As of December 31, 2025, the program, through its partner organizations, had approved 45 loans valued at \$9,349,564.22, as shown in Table 3. The average loan size is \$207,768.10. Of the 45 loans partner organizations originated and closed, 44 are paying as agreed and one loan is fifty-four days past due.

**Table 3: Number of and Value of Loans**

Lender	Net Allocation	Number of Loans	Value of Loans
Metropolitan Economic Development Association	\$22,080,000	18	\$5,954,618.00
Northland Foundation	\$920,000	5	\$478,000.00
Northwest Minnesota Foundation	\$920,000	3	\$650,000.00
West Central Initiative	\$920,000	2	\$300,174.00
Initiative Foundation	\$920,000	4	\$745,000.00
Southern Minnesota Initiative Foundation	\$920,000	1	\$400,000.00
Southwest Initiative Foundation	\$920,000	11	\$821,772.22
<b>TOTAL</b>	<b>\$27,600,000</b>	<b>45</b>	<b>\$9,349,564.22</b>

Of the \$22,080,000 net allocation to MEDA, 18 loans were originated and closed as of December 31, 2025, totaling \$5,954,618.00. Distribution amongst the neighborhoods and corridors is shown in Table 4.

**Table 4: Metropolitan Economic Development Association number of and Value of Loans by Location**

Location	Net Allocation	Number of Loans	Value of Loans
North Minneapolis' West Broadway, Camden, or other Northside neighborhoods	\$8,280,000	0	\$0.00
South Minneapolis Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors	\$5,520,000	9	\$3,914,000.00
St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods	\$8,280,000	9	\$2,040,618.00

<b>TOTAL</b>	\$22,080,000	18	\$5,954,618.00
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Partner organizations may use up to five percent of their allocation for administration and monitoring of the program and up to three percent for the purpose of providing technical assistance to borrowers. These costs are incurred by the partner organization and then reimbursed. As of December 31, 2025, \$1,291,468.93 has been reimbursed for administration and monitoring expenses, as shown in Table 5. \$535,466.78 has been reimbursed for technical assistance, as shown in Table 6.

**Table 5: Partner Organization Administration and Monitoring Expenses**

<b>Lender</b>	<b>Allocation of Administration and Monitoring</b>	<b>Actual Administration and Monitoring</b>	<b>Remaining</b>
Metropolitan Economic Development Association	\$1,200,000.00	\$1,200,000.00	\$0.00
Northland Foundation	\$50,000.00	\$31,071.77	\$18,928.23
Northwest Minnesota Foundation	\$50,000.00	\$7,752.27	\$42,247.73
West Central Initiative	\$50,000.00	\$0.00	\$50,000.00
Initiative Foundation	\$50,000.00	\$15,394.89	\$34,605.11
Southern Minnesota Initiative Foundation	\$50,000.00	\$0.00	\$50,000.00
Southwest Initiative Foundation	\$50,000.00	\$37,250.00	\$12,750.00
<b>TOTAL</b>	<b>\$1,500,000.00</b>	<b>\$1,291,468.93</b>	<b>\$208,531.07</b>

**Table 6: Partner Organization Technical Assistance Expenses**

<b>Lender</b>	<b>Allocation of Technical Assistance Expenses</b>	<b>Actual Technical Assistance Expenses</b>	<b>Remaining</b>
Metropolitan Economic Development Association	\$720,000.00	\$518,428.53	\$201,571.47
Northland Foundation	\$30,000.00	\$0.00	\$30,000.00
Northwest Minnesota Foundation	\$30,000.00	\$17,038.25	\$12,961.75
West Central Initiative	\$30,000.00	\$0	\$30,000.00
Initiative Foundation	\$30,000.00	\$0	\$30,000.00
Southern Minnesota Initiative Foundation	\$30,000.00	\$0	\$30,000.00
Southwest Initiative Foundation	\$30,000.00	\$0	\$30,000.00
<b>TOTAL</b>	<b>\$900,000.00</b>	<b>\$535,466.78</b>	<b>\$364,533.22</b>

### **Recipients Supported by The Program**

Recipients supported by the program are organized below by partner organization lender. The business name is followed by their North American Industry Classification System (NAICS) code, city, loan amount and a brief description of businesses.

#### **Metropolitan Economic Development Association**

**Paikka, LLC** (533110) in Saint Paul received \$100,000. PAIKKA is a women-owned and operated event center. The venue is comprised of multiple distinct spaces featuring 1940s steel vaulted ceilings & original brick walls. The facility can accommodate a wide variety of events including weddings, corporate gatherings, non-profit galas, and more. The program loan was used for renovations and upgrades to the facility.

**Sunshine Group Home** (621610) in Saint Paul received \$288,000. Sunshine Group Home provides in-home care, nursing assistance, and personal care. The program loan was used to purchase the home that had previously been rented.

**Udo African Food Store, LLC** (445110) in Saint Paul received \$170,000. The company is an African restaurant and grocery store that provides quality, hard-to-find west African grocery products. The program loan allowed the owners to complete a build-out of their new location.

**El Pollo Felix, LLC** (722513) in Saint Paul received \$170,118. El Pollo Felix is a Mexican fast-food restaurant that opened in 2015. The program allowed the owners to refinance their existing loan with a balloon payment to one with more favorable terms.

**El Pollo Felix, LLC** (722513) in Saint Paul received \$60,000. El Pollo Felix is a Mexican fast-food restaurant. The program loan was used to complete critical building repairs to the infrastructure and building systems.

**IBYS LLC dba Abyssinia Cultural Center** (533110) in South Minneapolis received \$970,000. The Abyssinia Cultural Center is a business incubator space and event center. The program allowed the event center to purchase an adjacent parking lot. This allows the center to attract larger and more regular events.

**SMJ Real Estate** (531209) in South Minneapolis received \$275,000. The owners are restaurateurs, specializing in authentic Latin American and Ecuadorian cuisine. The program loan was used to expand their locations, Galapagos Bar & Grill, and Lake & Bryant Café through the purchase of a building.

**Hayat Beauty Salon & Supply Store** (812112) in South Minneapolis received \$68,000. The business is a salon and beauty supply store that relocated to an improved facility to have the ability to expand the number of chairs, provide better visibility and access to serve their clientele of women within the East African community.

**Chiro Center MN Inc.** (621310) in South Minneapolis received \$150,000. The business is a chiropractor and Holistic Care facility established in 1948 that provides chiropractic and wellness care to a growing client base. The program allowed the business to expand with a new build-out, equipment, furniture and fixtures.

**P3 Specialized Performance** (713940) in Saint Paul received \$290,000. The business is a gym, training, sports training facility for youth. The program allowed the owners to relocate their business from Uptown to St. Paul through the purchase of a building versus leasing space.

**P3 Specialized Performance** (713940) in Saint Paul received \$180,000. The business is a gym, training, sports training facility for youth. The program allowed the owners to relocate their business from Uptown to St. Paul through the purchase of a building versus leasing space including substantial renovations.

**International Management** (721110) in South Minneapolis received \$900,000. Experienced hotelier, Jay Patel acquired the Midtown Minneapolis hotel in 2020 and operated until forced to close due to COVID. The property was severely vandalized. The program is facilitating building renovations including mechanical and electrical systems and flooring.

**Hoyo SBC** (722511) in South Minneapolis received \$65,000. Hoyo, SBC, is a majority black and women owned food manufacturing business, established in 2015. Hoya's mission is to empower local Somali mothers through Somali food. The program loan will facilitate development, construction and equipment for a larger production kitchen and office space at Midtown Global Market.

**Moua Law Office** (541110) in Saint Paul received \$744,000. Moua Law office is bilingual in English and Hmong that represents clients in auto accidents, criminal law and family law cases. The program allowed the law firm to purchase the multi-tenant office building with over 8,000 square feet of rentable space that they were previously leasing.

**Danielle Trego PA** (541110) in Saint Paul received \$38,500. Dr. Trego has been with CPVA since 2005. This is a women owned/operated eye care facility whose mission is to provide the most recent complete eye care possible. The program was used to purchase a building to meet their growing business needs.

**Lake Automotive Company** (811111) in South Minneapolis received \$990,000. Lake Automotive Company is an auto repair company. The program allowed the company to purchase a newer facility to serve the community.

**2111T & W. Real Estate LLC** (531210) in South Minneapolis received \$285,000. The business is a real estate company founded in 2007. The program allowed the business to make building improvements to their office space.

**Hmong Minnesota Professionals, LLC** (813410) in South Minneapolis received \$211,000. This organization is key community facility that provides social and civic services to political, social and religious organizations. The program provided funding for a new roof.

## **Northland Foundation**

**Northland Special Events** (561900) in Duluth received \$50,000. The Northland Special Events center specializes in creating unforgettable wedding experiences along the scenic shores of Lake Superior. The program provided funding to support renovations in their commercial space and building exterior.

**Healing Hands Chiropractic Center** (621310) in Grand Rapids received \$78,000. Healing Hands is a primary care facility that includes acupuncture and nutrition. The practice also specializes in DOT examinations, back and neck pain treatments, auto, sports and work injuries. The program allowed for renovation of the office.

**Sunrise Bakery** (311800) in Hibbing received \$100,000. This is a high-quality bakery is in its 4th generation of ownership and known as bakers of the Giulio's Italian Bread. The program loan was used for construction at the business.

**Eagles Nest Massage** (812190) in Duluth received \$150,000. Eagles Nest specialize in massage therapy and bodywork, relaxation, deep tissue and other styles of massage. Eagles Nest is currently celebrating 30 years in business and is located in a renovated 1920's home on Duluth's east hillside. The program facilitated the renovation.

**Lewis Lane, LLC** (812910) in Duluth received \$100,000. Lewis Lane LLC is a dog kennel located on 5 wooded acres between Pike Lake and Duluth's International Airport. This provides a quiet,

comfortable and spacious place for dogs to stay while you're away. The program allowed for construction of a new kennel building with space for 40 additional dogs.

## **Northwest Minnesota Foundation**

**Chisholm Trail Farm** (111199) in Gary received \$150,000. For four generations, the family has been dedicated to farming, cultivating a deep love for the land and a commitment to sustainability. Chisholm Trail Farm takes pride in providing its customers with products that are not only fresh and flavorful but also grown with the utmost care. The program facilitated development and construction on the farm.

**Falls Diverse Abilities Corporation** (624310) in River Falls received \$250,000. The business is a specialized organization based in Thief River Falls that provides a range of services for individuals with disabilities, including counseling, training, job skills, and job placement services. The program facilitated the construction of an addition to their existing building including additional offices, restrooms, quiet spaces, and general gathering/functional space.

**Living at Home of Park Rapids** (624120) in Park Rapids received \$250,000. The business offers a number of services to help area seniors live comfortably in the home of their choice including transportation to medical appointments, grocery shopping and limited light housekeeping, and caregiver coaching. They also provide respite care, which allows a family caregiver a much-deserved break while a trustworthy person stays with their loved one. The program loan was used to help build-out a commercial kitchen.

## **West Central Initiative**

**East Silent Resort, LLC** (721110) in Dent received \$290,000. The business is a family resort where you can experience a relaxing getaway amidst 50 wooded acres next to crystal clear East Silent Lake. It has cabins, luxury vacation homes and guest rooms/suites to choose from. The program loan was used to renovate and remodel the resort.

**Tara M Hanson DBA Appearance 203** (812112) in Barnsville received \$10,174. Appearances 203 is a beauty salon established in 1974. The program loan was used to remodel and reopen the business.

## **Southwest Initiative Foundation**

**Clean Chickens and Co., LLC** (115210) in Elk River received \$400,000. Clean Chickens began as a family run business who only butchered chickens and turkeys in their USDA poultry processing unit to help farmers & families be more food sustainable. The program loan was used for real estate construction of a halal certified USDA-inspected processing plant to include goats and sheep.

**Well Made, LLC** (311991) in Wilmar received \$95,000. The business aims to inspire change by making healthy eating accessible for everyone, one meal at a time through affordable, convenient and nutritious meals. The program loan was used for building renovations.

**Garrison Point, LLC** (713900) in Willmar received \$100,000. The business is majority woman- and -veteran owned Latinx business. The program loan was used for real estate acquisition to house a fitness center.

**RJ Decker Properties, LLC** (531120) in Hutchinson received \$150,000. RJ Decker Properties LLC is a majority woman-owned business that formed a halfway house to add to the continuum of care that they provide to women (age 18+) who have co-occurring mental health and substance use disorders. The program loan has allowed them to acquire real estate that they had been leasing.

## **Southern Minnesota Initiative Foundation**

**Axley Brothers** (811111) in Elgin received \$200,000. The business is growing from a recreational vehicle repair service to providing golf cars for sale. The program loan was used to expand the business.

**Waseca Morgan's Meat Market** (445240) in Waseca received \$200,000. The business opened in 1959 and is owned and operated by Dean and Barb Morgan who purchased the facility in 2003. The program loan was used to remodel the meat locker and provide a modern appearance.

## **Initiative Foundation**

**Cold Spring Dental Arts, LLC** (812112) in Cold Spring received \$90,000. Cold Spring Family Dentistry provides a wide variety of dental services ranging from prevention and restoration to smile enhancement. The program loan was used to assist the business purchase the building it was leasing.

**Mendell Midy DBA MM Basketball Training** (621111) in Saint Cloud received \$65,000. The business helps youth, high school, and collegiate players to improve their overall Skills IQ and resilience. They develop skills and mindset for success on the court and life after. The program loan was used for the build-out of their structure.

**Persevere Dance Project, LLC** (333241) in Waverly received \$96,000. The business provides recreational, competitive, and adult dance at their dance studio. The project brings the joy of movement to the community while training dancers of all ages and levels. The program loan facilitated building renovations.

**Viva Tobacco & More, LLC** (456199) in Long Prairie received \$125,000. The business is a small family-owned tobacco shop and vape retailer offering a wide selection of tobacco products, vape devices, CBD and related accessories. The program loan facilitated building renovations.

**African Pinkylicious Braiding Salon, LLC** (712310) in Waite Park received \$10,000. The business is a hair care and beauty services provider that provides first class beauty care solutions. They braid and style all types of hair like straight, silk, wavy, curled and textured hair. The program loan was used to improve building signage.

**Rebrovich & Whalen Chiropractic, LTD** (812112) in Elk River received \$140,000. The business is a chiropractor that diagnoses and treats common spinal misalignments that can occur from lifestyle or injuries causing pain, discomfort and degenerative conditions. The program loan was used for construction and renovations to provide additional exam rooms and office space.

**Cuyuna Brewing Company, LLC** (713990) in Crosby received \$75,000. The business is a family-owned and -operated brewery that is not just about beer. It's about the people, the camaraderie, the community. The program loan was used to remodel the brewery.

**Hidalgo Investments, LLC** (713990) in Crosby received \$75,000. Hidalgo Investments will use the program loan to transform the main level of the former opera house in Long Prairie into a laundromat.

**Mane Alchemist Salon, LLC** (611610) in Shafer received \$75,000. The business is an independent hair stylist and cosmetology studio. The program loan was used for building improvement including the build out of six stylist stations, two treatment rooms and office space.

**Danique BATB, LLC** (611610) in Saint Cloud received \$21,272.22. Danique Beauty and the Beans opened a downtown retail store in St. Cloud. The program loan was used for building renovations.

**T&M Horn Properties** (455219) in Wadena received \$25,000. This business is a community youth dance studio. The program loan was used to finance building renovations and improve the facility allowing additional business occupancy and improve studio space.

## Conclusion

Partner organizations cited the 2025 legislative changes that amended program eligibility, increased maximum loan size, and extended the maximum loan term to 20 years as positive changes that catalyzed additional loan closings. Some partner organizations reported that program utilization remains challenging due to 1) the inability to assist early-stage startup businesses, 2) construction and renovation projects require larger loans and often need a lead lender such as a traditional bank and those interest rates remain elevated, 3) rising construction costs continue to create challenges. Program lenders reported that they increased engagement with banking partners through meetings and presentations to update them on program changes.

While the program is structured to provide geographic dispersion, MEDA cited challenges in North Minneapolis to deploy PROMISE Act loan funds:

“The properties [in North Minneapolis] are some of the oldest buildings in the Twin Cities. Most are over 100 years old, and they have decades of deferred maintenance and require significant construction costs to bring them up to code. Many have environmental issues such as asbestos and other brownfield contamination that are very expensive to remediate. Furthermore, the after construction/renovation value is far less than the construction costs, which makes the loan-to-value not possible for these deals. This situation makes it difficult for MEDA to make loans.

To mitigate this problem, MEDA works with the City of Minneapolis and Hennepin County real estate programs to provide grants/forgivable loans to borrowers to lessen the debt that the borrower must repay. Furthermore, applicants lack basic financial skills to own the properties. They have tax liens, judgments, unfilled business and personal taxes in years, have comingled personal and business bank accounts, and need significant technical assistance from MEDA's lending and business consultants to produce the documents to underwrite a loan.

As a result of these challenges, MEDA is creating the Promise [loan]... quarterly workshop to bring business owners and commercial real estate brokers together to learn how the program can attract new business owners to North Minneapolis and help qualified business owners in North Minneapolis get access to the funding to grow their businesses. This undertaking requires significant resources from MEDA's staff and technical assistance time to get these business owners to become prepared for funding. The average underwriting time (gathering documents, fixing financials, getting balance sheet and profit /loss statements, tax returns, for a Promise Act loan in North Minneapolis is 6 months). Unfortunately, most of these businesses cannot cash flow to afford the loans, even at three percent interest.”

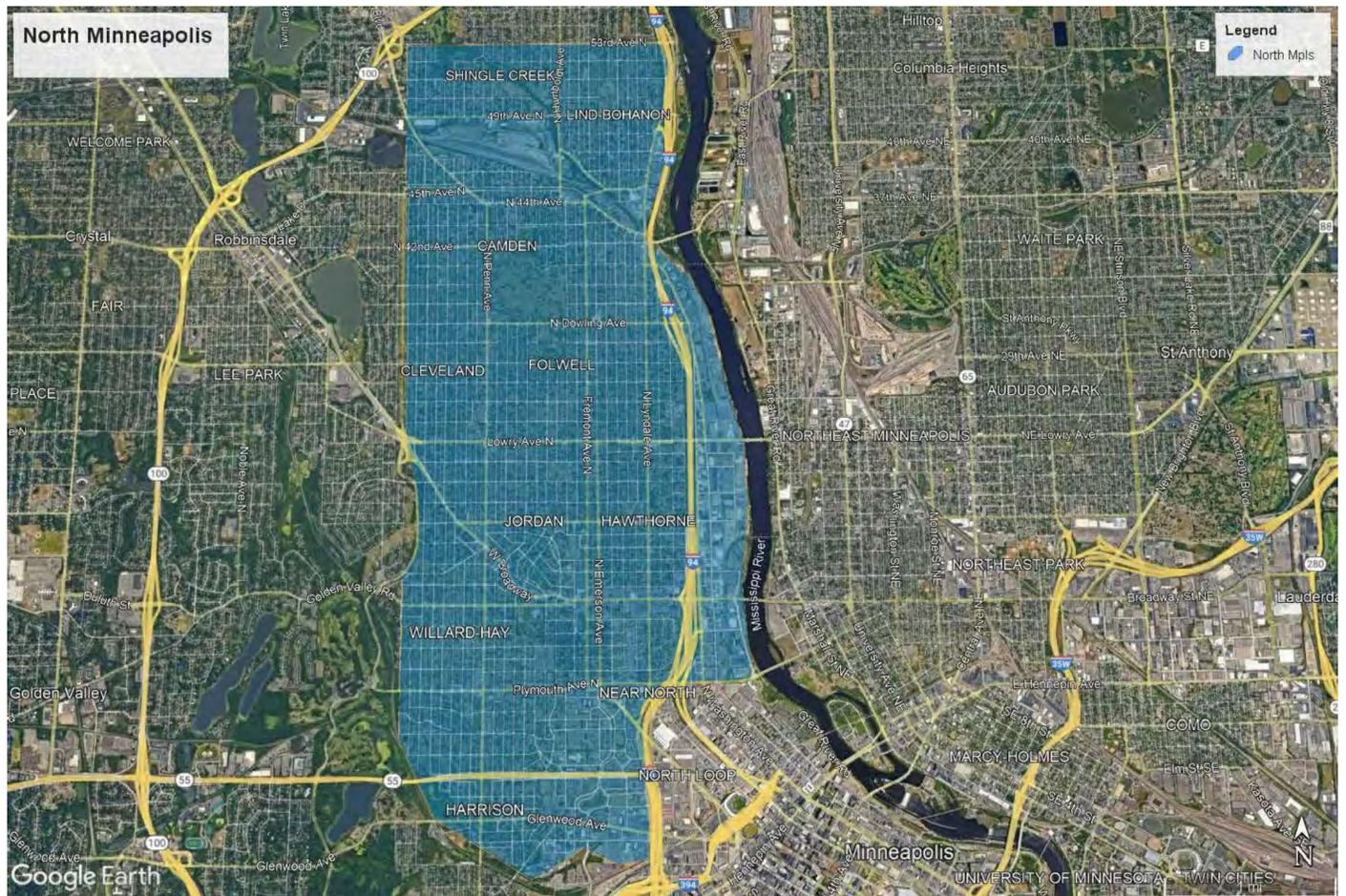
Despite persistent structural barriers in several communities, the program is demonstrating its value as a flexible, community-driven capital tool. The 2025 legislative enhancements: expanded eligibility, larger loan sizes, and extended loan terms have strengthened partner organizations' ability to close more deals and respond to local conditions. Partners are taking steps to deepen relationships with banking institutions, expanding outreach, and adapting their technical assistance models to meet borrowers where they are.

Overall, the program is enabling lenders to advance projects that would not otherwise move forward—supporting site acquisition, rehabilitation, and commercial expansion in communities that have historically lacked access to capital. As partners continue to refine their strategies and leverage complementary public and private resources, the program serves as a critical tool for fostering inclusive economic growth and strengthening targeted commercial corridors that anchor Minnesota's communities.

## Appendix A. Eligible Geography

### North Minneapolis' West Broadway, Camden, or other Northside neighborhoods

- From 53rd Ave N in the north to Basse= Creek in the south, and from N Xerxes in the west to the Mississippi River and Hwy 94 in the east,
- including the Camden, Cleveland, Folwell, Jordan, Hawthorne, Willard-Hay, Near North, and Harrison Neighborhoods, as well as West Broadway from the River to N Xerxes.





**St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods**

- **University Avenue – from Hwy 280 to the Capitol and from Minnehaha Ave to Hwy 94/St. Anthony Ave**
- **Snelling Ave – from Englewood to Hwy 94/St. Anthony Ave, and from Fairview to Hamline**
- **East Side - from 35E to 120**
- **Rice Street – from Larpenteur to University**
- **Selby Ave – from Snelling Ave to MacKubin Street**
- **West Side – from the Mississippi River to Annapolis Street**

