



SFY 2017 Metropolitan Economic Development Association Statewide Business Development and Assistance Services Direct Appropriation

Report to the Legislature as required by 2016
Minnesota Session Laws, Chapter 189, H.F. 2749,
Article 12, Section 11, Subdivision e

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LEGISLATIVE REPORT FOR SFY 17 DIRECT EQUITY APPROPRIATION Metropolitan Economic Development Association

I. Introduction

The Minnesota State Legislature appropriated funds during the 2016 Legislative Session to the Metropolitan Economic Development Association for small business programs “including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses” and “a revolving loan fund to provide additional minority-owned businesses with access to capital.”

This equity appropriation provides \$2,500,000 in State Fiscal Year (SFY) 2017 and \$1,175,000 per year for SFY 2018 and thereafter. The Department of Employment and Economic Development (DEED) is permitted to use five percent of the appropriation to administer the grant. DEED withheld five percent of the non-lending program funds for administration making the amount available to CCF for SFY 2017 \$2,473,000.00

A. Legislative Appropriation Reference

Funds for this project were appropriated in 2016 Minnesota Session Laws, Ch. 189, H.F. 2749, Art. 12, Sec. 2, Subd. 2(f).

B. Appropriation

For SFY 2017, the appropriation is \$2,500,000.

II. Project Goals

A. Summary of Goals and Objectives Presented in the Work Plan

1. Training and Business Services Program

This grant will provide pre and post loan technical assistance and business consulting to all prospective and successful borrowers. All clients served will be minority entrepreneurs as designated in the grant agreement and all will receive appropriate and necessary assistance through 1:1 meetings, phone and email exchange and group settings to enhance their success as business owners.

All services will expand economic opportunities and, since successful minority owned businesses employ a high proportion of people of color, our services will work to narrow disparities in assets, income and business ownership.

Business Development Output	Outcomes	Activities	Timeframe
5,500 direct client service hours	Responsible deployment of capital to over 100 borrowers; development services to 60 potential minority entrepreneurs	Pre-loan and post loan technical assistance and coaching to assist in securing financing and promoting repayment; training to prepare new potential borrowers	Ongoing over 12 months – reporting annually
Consulting to over 100 borrowers	Performance ratio of 95% or better on loan fund	Document and analyze client business financial performance to ensure balance sheet health	
Train in Business Ideation, Planning, Best Practices (Business Development Partners)	115 minority entrepreneurs trained in different stages of business development	Workshops in: <ul style="list-style-type: none"> • Thinking About Business • Entrepreneurial Business Basics • Ongoing Best Practices 	
New Businesses launched or acquired	20 new businesses, producing a minimum of 20 living wage jobs	Assess business plans, projections, cash flow and capital needs	
Strengthen Loan Loss Reserve	Increase by \$80,000 – maintaining a minimum of 5% of portfolio	Provides prudent loan loss reserve as directed by board of directors	
Support Operations	Maintain a strong infrastructure to support mission-driven activities		

2. Revolving Loan Fund

This program will produce new and ongoing job creation by providing capital to minority entrepreneurs, mostly in the form of hard-to-find working capital. MEDA will improve the infrastructure and operations of minority owned businesses so that they can join the mainstream banking environment. This makes our Loan Fund a truly revolving source of capital as one business repays and MEDA lends to the next aspiring entrepreneur.

Capital Output	Outcomes	Activities	Timeframe
\$1.6 million in deployed funds	An estimated 21 loans	Loan packaging and closing of 21 loans of \$76,000 on average	Ongoing over 12 months – reporting annually
	100% of all loans made to minority business owners	Due diligence for eligibility	
	State capital will be leveraged by 5:1 from other sources	Building on network of bankers, CDFIs and other sources	
	0% spent on operating expenses		

B. Data Elements and Performance Indicators Being Collected and Reported

1. Training and Business Services Program

The following are performance indicators being collected by the grantee and the projected output and outcomes as detailed in the grantee’s work plan.

Performance Metrics	Total
# Jobs Created	90
Average Wage of Jobs Created/Retained	\$15/hr
# Livable Wage Jobs	100%
# Businesses Formed	20
Technical Assistance Hours Provided - Total	5500
Technical Assistance Hours Provided – Minority-Owned Businesses	5500
Number of Businesses Assisted - Total	160
Number of Businesses Assisted – Minority-Owned	160

2. Revolving Loan Fund

The following are performance indicators being collected by the grantee and the projected output and outcomes as detailed in the grantee’s work plan.

Performance Metrics	Total
Access to Capital - Total \$ Amount to Minority-owned Businesses	\$1.6 million
Access to Capital – Total # of Minority-owned Businesses	21 (estimated)
Number of Businesses Assisted – Minority-Owned	21 (estimated)
% Grant Award spent on Operating Expenses	0%

C. Outcomes to Date

1. Training and Business Services Program

The grant period for SFY 2017 funds runs from August 1, 2016 through July 31, 2017. No program or outcome data is available at this time. The first mid-term report will be due from MEDA by April 30, 2017.

2. Revolving Loan Fund

The grant period for SFY 2017 funds runs from August 1, 2016 through July 31, 2017. No program or outcome data is available at this time. The first mid-term report will be due from MEDA by April 30, 2017.

III. Expenditures

A. Amounts and Cost Categories Budgeted

1. Training and Business Services Program

	DEED
Personnel Salaries	\$ 363,282.00
Fringe	\$ 116,528.00
Contractual (NEON)	\$ 300,000.00
Admin (direct)	\$ 5,890.00
Admin (Indirect)	\$ 87,300.00
Total	\$ 873,000.00

2. Revolving Loan Fund

	DEED
Revolving Loan Fund	\$ 1,600,000.00
Total	\$ 1,600,000.00

B. Expenditures to Date

1. Training and Business Services Program

As of 2/17/2017 there has been \$304,940.00 in approved expenditures.

2. Revolving Loan Fund

As of 2/17/2017 the revolving loan fund has been fully funded. At total of \$447,000 in loans have been made through the loan fund.