

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)**  
**FINANCE COMMITTEE**  
**MINUTES**  
**September 11, 2018**  
**EDC Board Room, Willmar**

Present: Matt Behm, Kerry Johnson, Les Nelson, Bruce Peterson, Russ Weeks, Jeff Welker and Randy Zinda

Excused: Bob Carlson and Russ Weeks

Absent: Nick Dalton and Justin Schnichels

Guest: Kimberle Nagle, UpGrow Business International, Inc.

Staff: Aaron Backman, Executive Director and Connie Schmoll, Business Services Director

Secretarial: Diane Beck, Legal & Administrative Assistants, Inc. (LAA)

Chairperson Matt Behm called the meeting to order at approximately 12:09 p.m. and extended a welcome to Kimberle Nagel of UpGrow Business International, Inc. Nagle provided a brief bio; she currently contracts with the Neighborhood Development Center.

**MINUTES—**

IT WAS MOVED BY Jeff Welker, SECONDED BY Les Nelson to approve the minutes of the June 12, 2018 meeting as emailed. MOTION CARRIED.

**UNFINISHED BUSINESS**

**Neighborhood Development Center (NDC).** Connie Schmoll commented once the 2017 Diverse Business Retention and Expansion (BRE) Survey was completed, discussions began with the NDC and she recently attended a training session held in St. Cloud. With the high concentration of immigrants and low-income residents in Willmar, Schmoll is interested in the training sessions offered by the NDC. She feels a partnership with the NDC would be beneficial to entrepreneurs and local bankers. The NDC is a nonprofit, community development financial

institution that believes residents of low-income, inner-city neighborhoods have the entrepreneurial talent and energy to revitalize their communities. The NDC provides entrepreneur training, small business lending, business services and real estate incubators to start and grow vital small businesses which, in turn, creates jobs, provides needed goods and services, revitalizes blighted properties, creates community gathering places and develops community role models—building neighborhood economies from within. Nagle distributed a handout entitled *Sharing NDC's Innovative Approach in Greater MN (Update & Future Vision)* (see attached) and shared she is a coach and trainer for NDC. Nagle shared a PowerPoint presentation, “An Introduction to the Neighborhood Development Center” (see attached). Nagle will send Schmoll the PowerPoint and Schmoll will forward it to the committee.

The NDC started in 1993 in the Twin Cities and is an asset-based approach. It works with a variety of cultures and targets communities in low-income areas and areas with high unemployment. Programs include: 1) entrepreneur training; 2) lending; 3) technical assistance and 4) small business incubators. Nagle stated over the last year, she and a co-worker have canvassed the state to hear from communities to identify gaps. The NDC's values are entrepreneurship, partnership, cultural competency, adaptability, collaboration and innovation. Nagle shared the following:

- barriers include language, access to business financing, technical assistance, peer-to-peer networks, cultural and religious barriers and trust in institutions;
- the NDC's outcomes and stated micro-entrepreneurs create numerous jobs and most jobs are recession-proof due to the size of the companies;
- the small business financing available;
- the NDC makes 40-70 business loans each year and provides business assistance;
- the NDC contracts with trainers and holds 12-week training sessions in the spring and fall; sessions are two hours in length and held one day/night a week; there is a sliding scale fee.

Nagle mentioned that several legislators, including Rep. Dave Baker, are working to secure funds to establish NDC's in greater Minnesota. Nagle stated the EDC could apply for 501(3)(c) status with the Internal Revenue Service. The NDC has pilots currently in St. Cloud and Duluth and Nagle is working with the Lower Sioux Reservation. She is interested in having Willmar involved in the program and train technical advisors. Funding is very important and suggested Southwest Initiative Foundation may be a source of funding

The EDC will study and discuss the program as there is much to learn and consider and will meet with Nagle again in the future. Nagle stated she will be in the area in late October or early November.

**Willmar Area Multicultural Business Center Acquisition Update.** Backman reported the EDC's Joint Operations Board approved acquisition of the Willmar Area Multicultural Business Center's (WAM-BC) loan program and assets and assisting with dissolution of WAM-BC, which the EDC Joint Powers Board also unanimously approved. The EDC's attorney has prepared the Intent to Dissolve for filing with the Minnesota Secretary of State, which is expected to be submitted this week. Backman expects the process may be finalized in approximately 60 days. Currently, there is \$50,000 in outstanding loans and most loans are current. The EDC will accept loan applications for WAM-BC funds after the dissolution process is complete. Backman mentioned the EDC may look at different loan rates and sizes.

**Other.** Backman reported the EDC Joint Powers Board also approved an increase in reserves for the Revolving Loan Fund from \$224,052 to \$300,000 for the 2019 budget.

Chair Behm mentioned the nonprofit sponsorship and how it will work, especially for bankers.

**ADJOURNMENT**—There being no other business, the meeting was adjourned at approximately 1:22 p.m.

**NEXT MEETING**—The next committee meeting is **12 noon, Tuesday, October 9, 2018** at the EDC office.



## Sharing NDC's Innovative Approach in Greater MN (Update & Future Vision)



### GOAL

Share the NDC approach with communities across Greater Minnesota.



### SUMMARY

Currently moving forward with training and capacity building with self-selected communities. NDC's work has been supported by MN Legislature funding for three years, and from the Otto Bremer Foundation.



### CHALLENGE

Determine interest, relevance, and adaptability of NDC's approach for rural MN communities and within the Native American Nations, while first learning about their community, activities and vision.

| PROCESS                                                                                                                                | RESULTS                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Meet with at least 50 local communities across Greater Minnesota                                                                       | Engaged 107 communities and 8 Tribal Nations                                                                                     |
| Continue in-depth discussions with at least 25 interested communities                                                                  | 64 communities / community-based organizations                                                                                   |
| Seek at least 10 communities that will add elements of NDC's approach                                                                  | Hosted two training sessions in Duluth and Crookston                                                                             |
| Continue work with at least 4 communities / begin the process of providing the components locally                                      | Nine communities participated in the advanced workshop in St. Cloud in June 2018                                                 |
| At least 2 communities (pilot) the full NDC approach for local residents and receive intensive technical assistance and matching funds | St. Cloud has developed a project, while Duluth is in the organizational development stage. Two additional projects could emerge |

\*\*\*\*\*

**We believe in the power, drive and daring of local entrepreneurs to transform their lives and revitalize their neighborhoods.**



## What we have learned:

1. Availability of entrepreneurial development resources (training, technical assistance, lending and incubator spaces) varies throughout the state.
2. Communities of color and low-income people experience disparities accessing resources in many communities.
3. Program delivery costs are increased by travel distance between services and the entrepreneur.
4. Communities have varying levels of access to financial resources to support program delivery in rural areas.
5. Collaborative partnerships to coordinate delivery of services vary across the state.
6. Organizations need assistance in building capacity to deliver quality training, technical assistance and loans.

## Future Vision:

The NDC approach appears to be relevant in certain rural communities, based on strong interest shown by certain communities and regions of Minnesota.

A designated NDC team will focus on communities committed to advanced workshops, as they prepare for and implement their programs.

We will assess WHERE our approach has the best chance of success, considering issues that affect opportunity (i.e. population density).

We will assess WHICH ORGANIZATIONS AND PARTNERSHIPS have the most potential for success, considering issues such as organizational mission, capacity and funding.

We see ourselves as a supporter of rural efforts to fund the programs in their community.

We see ourselves as an advocate for this type of approach, with public officials and funders.

Communities implementing our approach will be eligible to join NDC's National Build from Within Alliance.

We will continue to provide basic information and training as possible to communities participating in workshops and implementing our approach via our consulting team and future 'NDC Academy'.

**Neighborhood Development Center (NDC)** is a non-profit, community development financial institution that believes that residents of low-income, inner-city neighborhoods have the entrepreneurial talent and energy to revitalize their communities. NDC provides entrepreneur training, small business lending, business services and real estate incubators to start and grow vital small businesses—which in turn create jobs, provide needed goods and services, revitalize blighted properties, create community gathering places, and develop community role models...building neighborhood economies from within.

# AN INTRODUCTION TO THE NEIGHBORHOOD DEVELOPMENT CENTER

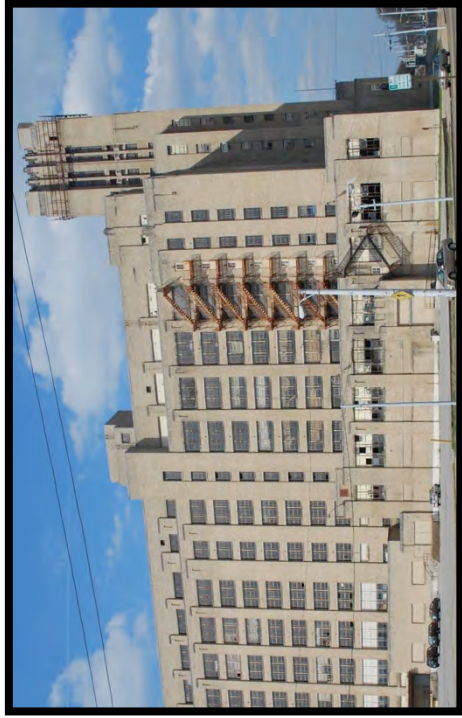


## NDC History

- Started in 1993
- Asset Based Approach
- International Micro-Finance
- Community Organizing
- Community Development

### Program Areas:

- (1) Entrepreneur Training
- (2) Lending
- (3) Technical Assistance
- (4) Small Business Incubators



Sears Building, South Minneapolis, 2001



Detroit, 2013

## Inner City Neighborhoods

- Concentrated poverty has doubled in America in the past decade
- Despite obvious deficits, inner city neighborhoods have many assets
- NDC's model links the energy of neighborhood entrepreneurs to the vitality of their own neighborhood
- Over 300 NDC-supported entrepreneurs are open in formerly vacant buildings



University Avenue, St. Paul, 1986



# Our Values

## Entrepreneurship

Promote community role models and leaders and establish dynamic community gathering places.

## Partnership

Earn the trust of local residents, create social capital and establish assets which communities own.

## Cultural Competency

Services receptive to clients' backgrounds and personal history are key to eliminating barriers to success.

## Adaptability

Entrepreneurial success in a constantly changing environment requires a comprehensive, flexible and future-focused approach.

## Collaboration

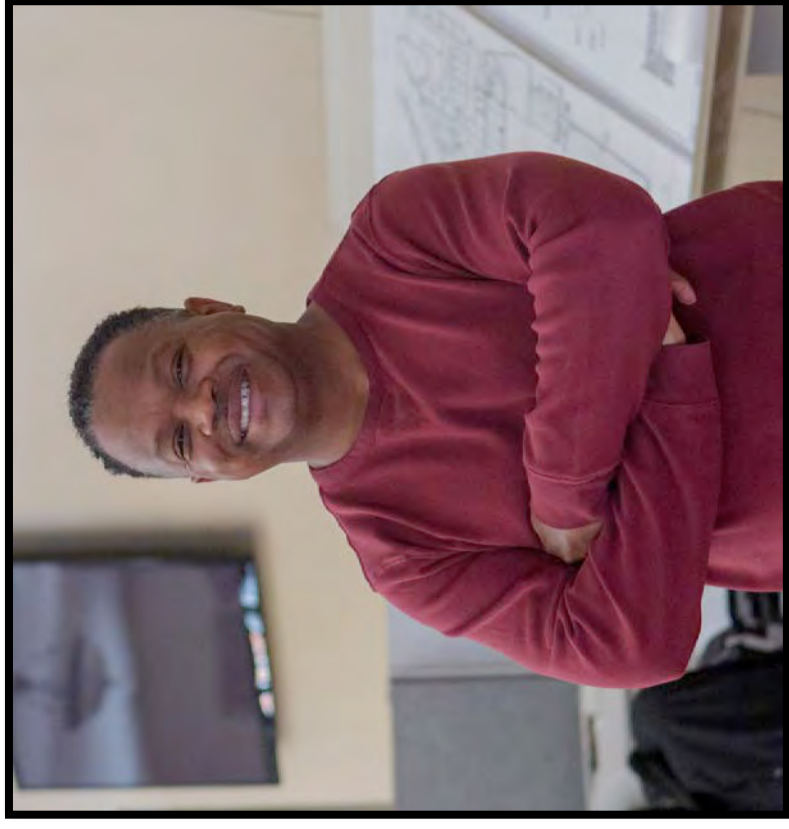
Healthy, productive relationships are derived from mutual respect and commitment.

## Innovation

Progress and innovation, fueled by regular evaluation, are the driving force behind our sustained success.

## Building from Within

- Communities of color and immigrants start businesses at a high rate:
  - 14.4% of businesses in the US are owned by immigrants.
  - 25.79% of businesses in St. Paul and 20.83% in Minneapolis are owned by people of color.
- Twin Cities population of color is growing rapidly:
  - From 16.82% in 2000 to 23.72% in 2010
  - *Forecast:* Metro region will be 40% persons of color by 2040



Dwayne Etheridge  
Owner, New Image Construction  
NDC Training Alumni & Loan Client

## NDC's Targeted Communities

- High levels of poverty and unemployment.
- 80% of NDC's resources focus on four low-income neighborhoods in the Twin Cities:
  - 62 – 80% persons of color
  - 31 – 42% below poverty
  - 12 – 24% unemployment
- 51% of NDC trainees are under 30% of AML, and 81% are under 50% of AML.
- 41% of NDC trainees have a high school degree or less. An additional 23% have up to two years of technical school or college.



Jawad Almaliki  
Owner, Winnipeg Grocery  
Loan Client

## What Barriers Do Inner City Entrepreneurs Face?

- Language
- Access to business financing
- Relevant technical assistance
- Peer-to-peer networks
- Cultural and religious barriers
- Trust in institutions



Big Daddy's BBQ  
St. Paul, MN  
Loan Client, Alumni, Tenant, TA Client

## NDC Outcomes

- **4,800+** aspiring entrepreneurs trained
- **650+** loans, **\$17.5 million** invested
- **39,000+ hours** coaching **1,500+** businesses
- **6 small business incubators** developed, serving over **120 small businesses**



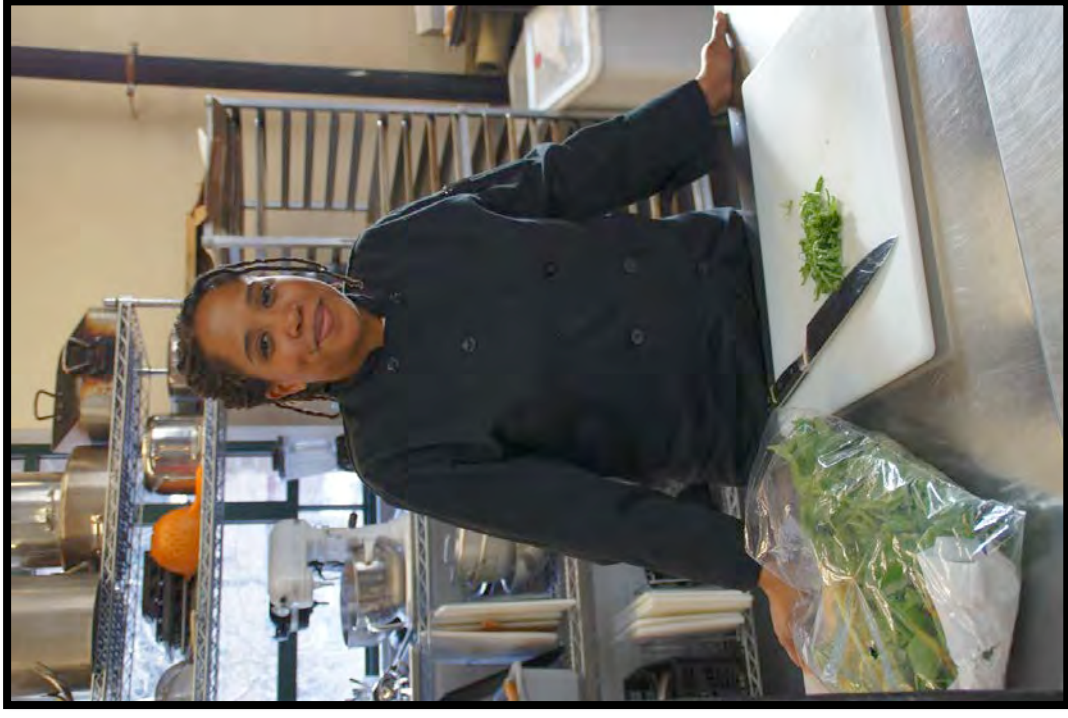
# NDC's Micro-Entrepreneurs Create Lots Of Jobs!

## As of 2015:

- 432 Businesses – 2,434 Jobs
- NDC cost per job: \$4,974
- Average Number of Employees per Business: 5 including owner
- Average Employee Wage: \$11 an hour

## But:

*Who gets those jobs?  
And are they “good” jobs?  
Can we do better?*





## SMALL BUSINESS FINANCING

- Term Loans, Lines of Credit, Contract Financing, Draw Notes, Balloon Payments, etc.
- Sharia-compliant financing
- Average loan size < \$30,000
- Loans of up to \$250,000 possible
- NDC makes 40-70 business loans and financings every year to start up and emerging entrepreneurs.
- Has provided more than \$17 million in loans since 1993, and more than \$1.6 million last year alone
- Loan capital obtained from multiple public and philanthropic sources



## BUSINESS ASSISTANCE

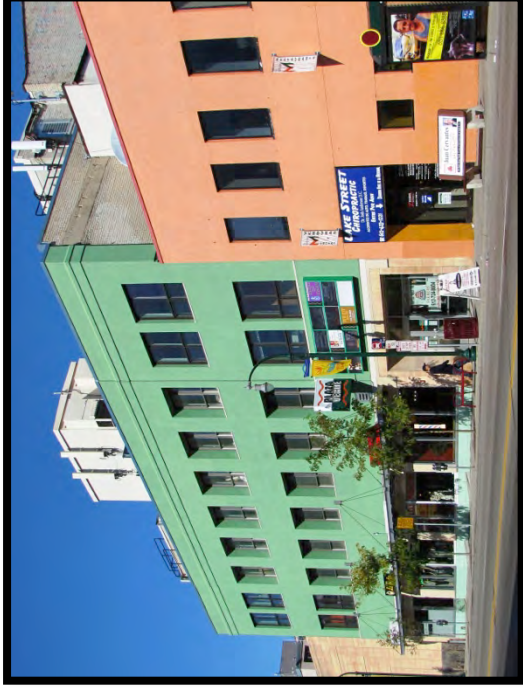
- Services include:
  - Record keeping
  - Marketing & graphic design
  - Energy audits
  - Growth planning
  - Restaurant & food consultation
  - General management, and.....
- Most services provided at no cost
- Services funded by multiple public & philanthropic sources

# Filling Key Vacant Buildings

- 60 percent of NDC assisted businesses now occupy a formerly vacant building.
- NDC has redeveloped 6 commercial properties that now house more than 120 small businesses.

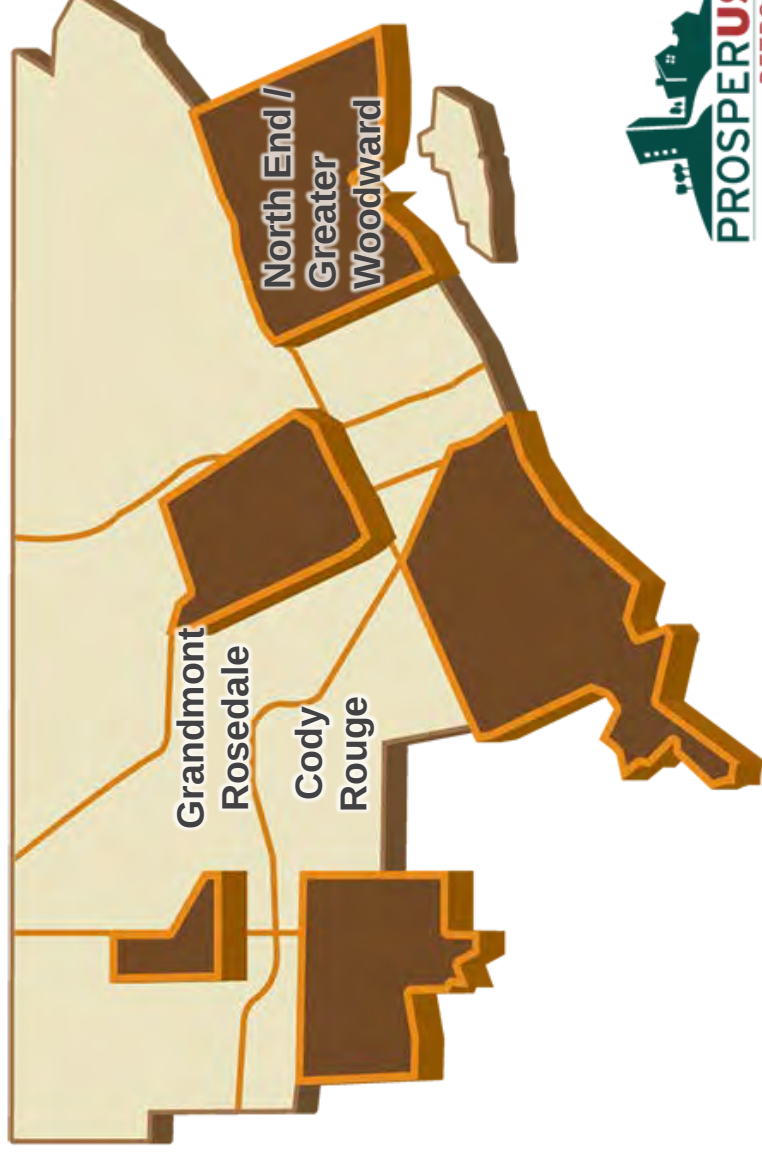


Midtown Global Market, Minneapolis



Plaza Verde, Minneapolis

# NDC's Model Nationally



1. Detroit: Implementing since 2012
2. Syracuse: Launching early 2016
3. Philadelphia: seeking funding to launch early 2016
4. New Orleans: seeking funding to launch early 2016
5. Brooklyn: seeking lending partner and funding

## BUILDING NEIGHBORHOOD ECONOMIES FROM WITHIN

*for over twenty years*

## ENTREPRENEUR TRAINING IN YOUR NEIGHBORHOOD!

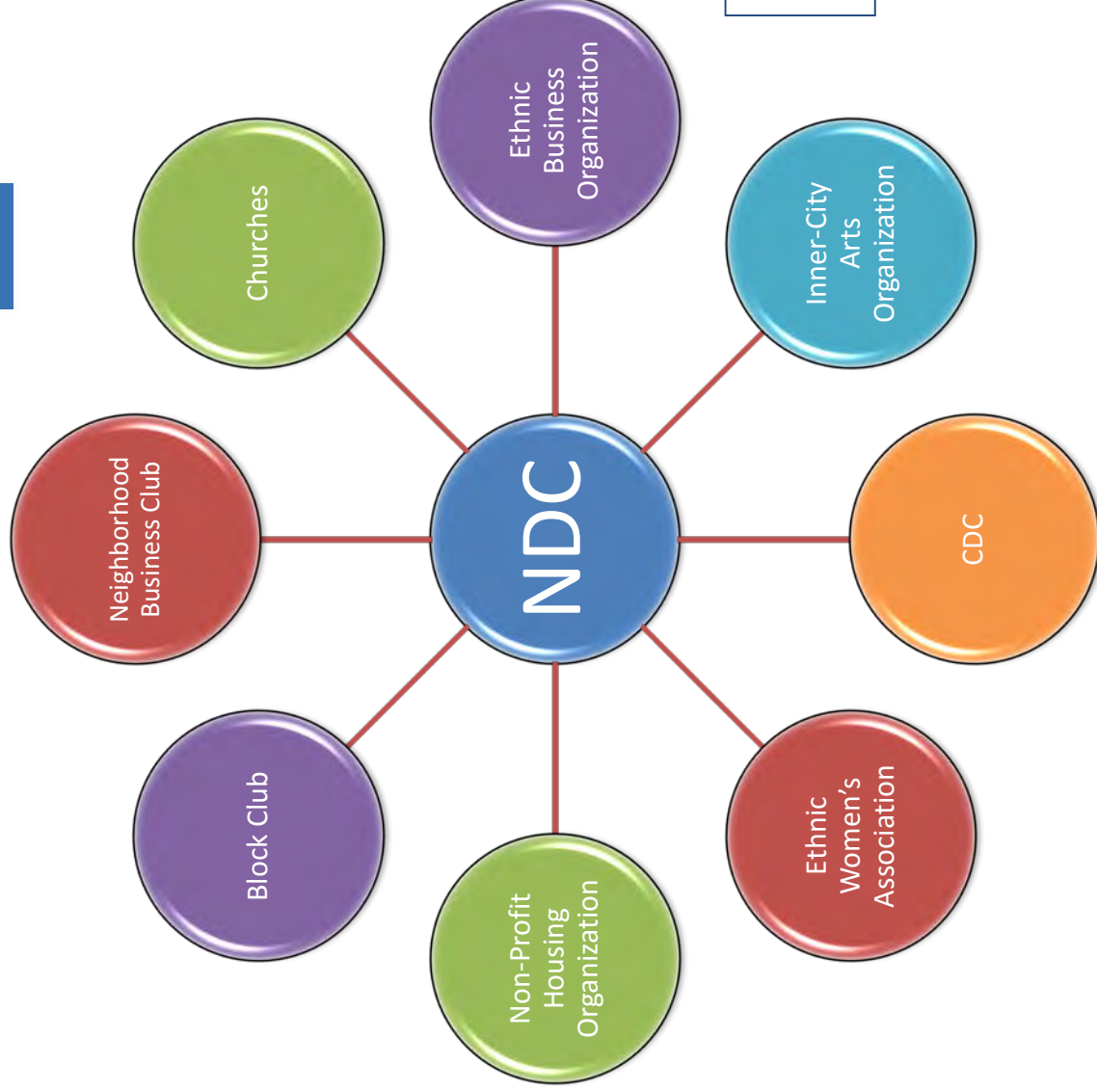
# PLAN IT!

*An Entrepreneur's Guide To Success*

- Held in the spring and the fall
- Classes are held in English, Spanish, Somali, Hmong, and Oromo
- Fee based on a sliding scale from \$100 to \$650
- 12-weeks, 1 night per week, 2 hrs per night
- Up to ten 1-on-1 hours with your trainer

# NDC's Hub and Spoke System

Reaching Underground  
Entrepreneurs Across  
Neighborhoods & Cultures



NDC's Community Partnerships funnel resources to "underground entrepreneurs" in 25 communities.

# Entrepreneurial Training

- Over 200 low-income entrepreneurs, mostly persons of color, trained yearly
- Provides culturally competent training in 5 different languages
- All classes are taught in community settings
- Partially funded by local and state government



NDC Entrepreneur Graduation  
December 2014

# Community Partnerships

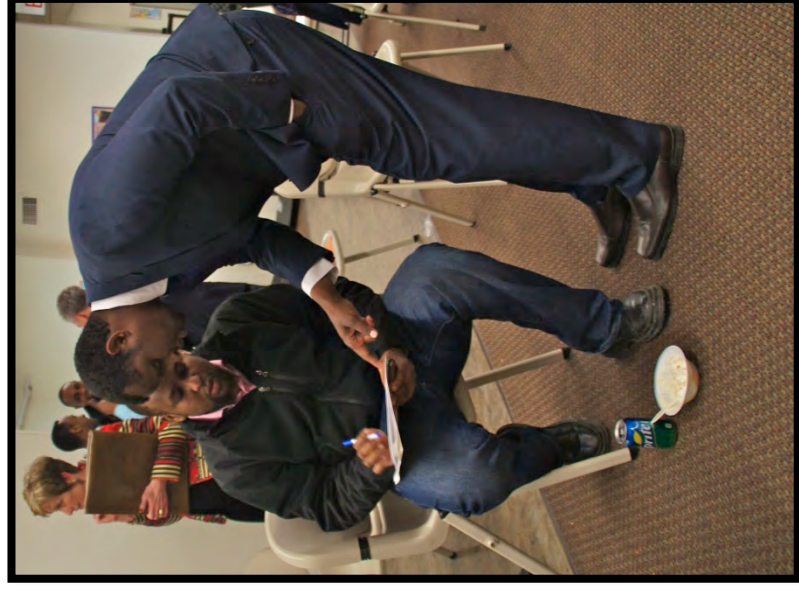
Since 1993, NDC has partnered with 52 different community organizations to connect with their entrepreneurial talent.



Northside Economic Opportunity Network



Hope Community



New American Academy

# Goals of NDC Training Class

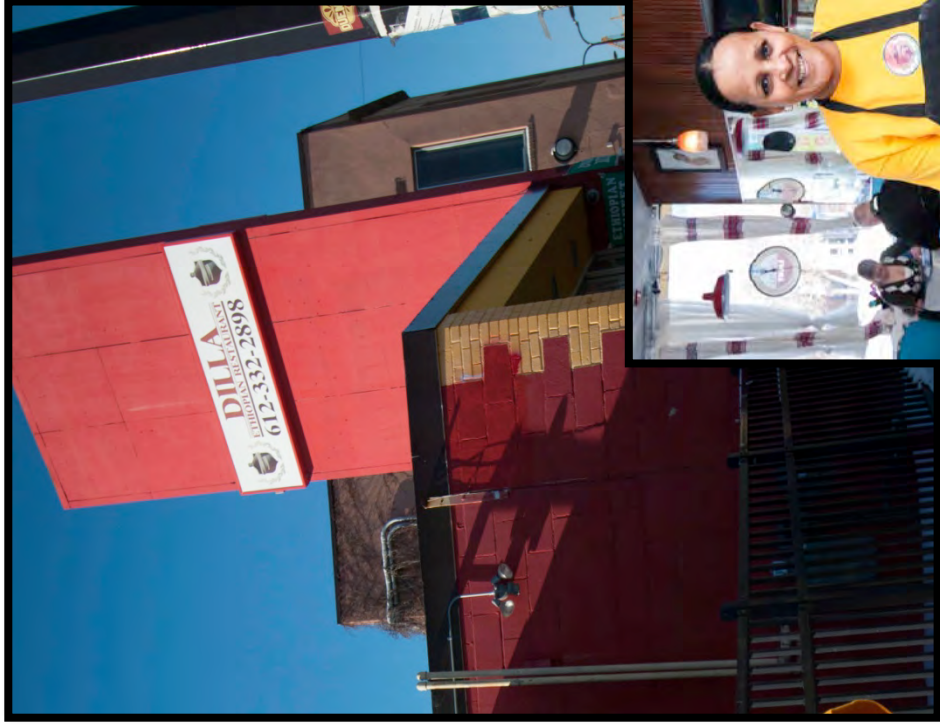
- **PREPARE** – Business Planning Process  
– feasible plan of action
- **DE-MYSTIFY** – understand key component of Small business management
- **ASSESS** – personal capacity, goals, readiness
- **GROW** – Develop business & personal skills
- **CONNECT** – enhance awareness of and connection to mainstream economy



## Interviews

Trainers' role in the interview:

- Listen & determine if their business is viable
- Learn the education, experience & skills the student brings to their business idea
- Share class benefits
- Set class expectations
- Answer questions regarding the class



Beko Tufa, Owner  
Dilla Ethiopian Restaurant



## NDC Curriculum: One-on-Ones

- Develop personal relationship
- Review missed class session materials & worksheets
- Review business plan & track tasks to be completed
- Some tasks may be done during the one-on-one
- Up to 10 one hour one-on-ones available
- 24 hours cancellation notice

Schedule after every 3 or 4 classes



# Let's think on this.