



Who is MCCD?

The Metropolitan Consortium of Community Developers (MCCD) is a 49 member association committed to increasing opportunities for development of quality, community-based projects through collaborative action on public policy issues, loan fund development, public education efforts, and long-term strategic planning. Through these efforts, we have been able to demonstrate the effectiveness and efficiencies gained by a shared vision and cooperation.

Our mission is to: “*work collectively to build strong, stable communities by leveraging resources for the development of people and places.*” Our goals are to: 1) increase popular, political, business, and financial support for community-based housing and small business development organizations; 2) create access to loan capital and technical assistance for emerging entrepreneurs; and 3) increase the effectiveness of community-based development through coordination, collaboration, and capacity building activities.

MCCD’s work is centered on three distinct program areas: Emerging Small Business Program, Member Convening, and Public Policy.

Emerging Small Business Program: Provides capital access and technical assistance for existing businesses and aspiring entrepreneurs who are unable to fully access the commercial banking system. The organization funds or participates in an average of 50 loans per year, with loan amounts of up to \$100,000. Along with capital, MCCD staff provides more than 2,000 hours of direct technical assistance to entrepreneurs. Technical assistance services include business plan development, loan packaging, feasibility studies, cash flow and financing projections, marketing plans, assistance with licensing and filing requirements, and development of sound financial management and tracking systems. Historically, more than 80% of MCCD’s loans have been to minority borrowers. For many of our borrowers the loans provide self-employment, and unique opportunities for advancement and personal enrichment as business owners that may not be available to them as employees. Open to Business is a part of the Emerging Small Business Program.

Convening: MCCD acts as a convener for our members. This is accomplished through monthly meetings of our Housing Committee, Economic Development Committee, and St. Paul Task Force. Agendas for each reflect the focus of the participating members. Meetings typically involve guest presenters on topics of relevance, strategy sessions related to common concerns, or general updating and sharing among the attendees. On at least an annual basis, staff from the City of Minneapolis’ Community Planning and Economic Development (CPED), City of St. Paul’s Planning and Economic Development (PED), the Minnesota Housing Finance Agency (MHFA), the Family Housing Fund, and Hennepin County among others, would be invited.

Public Policy: With the combined expertise of the leading community development organizations, MCCD has become a recognized and respected voice on housing, small business development, and inner-city commercial development. Through the work of our standing committees, MCCD shapes an annual policy platform and legislative agenda that is formally adopted by the board of directors. These documents provide direction to staff as to items MCCD takes the lead on, those that we support others, and those that we monitor. Aside from the adopted positions, MCCD responds frequently to new program proposals, changes in policy or procedures, and funding changes at the local, state and federal levels.



What is Open to Business?

MCCD's Open to Business program brings on-site business services specialists who can expand your community development staff's expertise in such areas as start-up financing and business plan development. We can respond to requests for business assistance when those requests are beyond the range of the services normally provided by your municipal agencies.

Open to Business Technical Assistance Services in Dakota County:

MCCD will provide intensive one-on-one technical assistance to small City/County business owners and aspiring entrepreneurs intending to establish, purchase, or improve a business in the City/County. Technical assistance includes, but is not limited to the following:

- Business plan development
- Feasibility analysis
- Marketing
- Cash flow and other financial projection development
- Operational analysis
- City and State licensing and regulatory assistance
- Loan packaging, and other assistance in obtaining financing
- Help in obtaining competent legal advice

MCCD intends to hire a full time staff person once the minimum amount of contract is secured in Dakota County. This staff member will be based in Dakota and Carver County full time. The business advisor will be available to meet clients at the various city halls of municipalities that are OTB cities or at their place of business. This staff person will be based out of donated office space either at the Dakota CDA or another facility in the area. Currently in OTB cities in Hennepin County we hold two-hour "Test Drive Your Business Idea" sessions once a month. We plan to offer this service to Dakota County municipalities.

MCCD has offered technical assistance services since 2003, primarily through our staff facilitator, Rob Smolund. Rob came to MCCD from the City of Richfield Enterprise Facilitation project – a Hennepin County supported initiative. In the years since, our program has added specialists in the areas of business accounting, finance, real-estate development, and regulatory compliance. We now offer a team of professionals and former business owners who can provide real world advice to clients, and tailor that support to meet each client's specific needs.

Depending on the needs of the client, that assistance can include business plan development, feasibility studies, cash flow and financing projections, marketing plans, licensing and filing requirements, and development and implementation of sound financial management and tracking systems. Even if the client can obtain all their financing from a bank, staff will assist them in preparing their loan request and will advocate for the client with the bank. In essence, MCCD staff members become an advisor, an advocate, and a partner for that entrepreneur to lean on. In addition, each entrepreneur can draw on the diversity of backgrounds and expertise of our team



of experts, gaining the kind of support more established businesses benefit from with hired professionals and/or Boards of Directors.

Open to Business Access to Capital

Access to capital will be provided to qualifying businesses through MCCD's Emerging Small Business Loan Program (see **Exhibit B** Small Business Loan Program Guidelines below). MCCD also provides its financing in partnership with other community lenders, banks or municipalities interested in making capital available to residents and/or businesses in their community.

EXHIBIT B

Small Business Loan Program Guidelines

Loan Amounts:

- Up to \$25,000 for start-up businesses
- Larger financing packages for established businesses
- Designed to leverage other financing programs as well as private financing provided by the commercial banking community.

Eligible Projects:

- Borrowers must be a "for-profit" business.
- Business must be complimentary to existing business community.
- Borrowers must have equity injection as determined by fund management.

Allowable Use of Proceeds:

- Loan proceeds can be used for working capital, inventory, building and equipment and general business operations.

Interest Rates:

- Loan interest rate is dependent on use, term and other factors, not to exceed 10%.

Loan Term Length:

- Loan repayment terms will generally range from three to five years, but may be substantially longer for major asset financing such as commercial property.

Fees and Charges:

- Borrowers are responsible for paying all customary legal and other loan closing costs.



Open to Business Loan Products

MCCD manages a multi-million dollar loan pool consisting of a mix of State, Federal, Bank and private capital sources. We are able to structure financing packages for a variety of business purposes that are flexible and designed to either enhance a business's opportunities to leverage private financing, or act as a bridge to future financing by traditional capital markets. Below are some examples of the financing packages available to Open to Business clients:

- **Loan Packaging/Facilitation**

MCCD staff can assist potential borrowers with the preparation of business plans, cash flow and other financial projections and loan application materials. Our staff can assist entrepreneurs in identifying borrowing needs and accessing community lending programs that provide favorable terms and conditions for small business borrowers. We work with our clients to help them find the financing that best meets their unique needs.

- **Micro Loans**

Direct loans from MCCD for a variety of business purposes, including inventory, working capital, asset and equipment purchases, and start-up costs. Typical loan terms of 3-5 years, loan sizes up to \$25,000 for retail/service businesses, or \$50,000 for manufacturing businesses. This program is targeted to start-up and early stage businesses that cannot secure financing from traditional commercial lenders.

- **Four Percent Loan Program**

MCCD loans in partnership with private lenders for physical improvements and hard asset/equipment purchases. MCCD can provide financing of up to \$40,000 at an interest rate of 4% provided that its funds are matched by an equal or greater amount of bank funds. The 4% rate is available for bank partnership loans provided that the term on the MCCD loan does not exceed five years.

- **Real Estate Participation Loans**

MCCD loans in partnership with private lenders to provide gap financing for real estate acquisition projects – including projects financed through the SBA 504 program. MCCD matches the bank's rate. MCCD also matches the bank's term provided that the term does not exceed 10 years.

- **Real Estate Acquisition Financing**

MCCD, in partnership with private lenders, provides permanent term financing for commercial real estate acquisition – up to 90% of the property's appraised value. MCCD



will provide up to 40% of the appraised value, with the bank providing 50% and holding first secured position. MCCD will match the bank's rate with terms up to 10 years (though amortizations may be longer).

- **Transactional Financing**

MCCD provides short term loans for businesses whose cash flow cycle inhibits them from making regular monthly loan payments. Transactional loans are often used by construction contractors who have received or about to receive a construction contract with a community agency. MCCD can provide up front financing to cover the cost of labor and material associated with the contract. When the work on the contract is completed, the contracting agency issues a two-party check to cover the completed work, payable to MCCD and to the contractor. Larger loans are also available for businesses with performance bonds and escrow payment arrangements.

Loan Origination and Servicing

MCCD seeks to integrate its financing products with other available resources in its service areas. To facilitate that integration, MCCD may be able to originate, package, underwrite and potentially service loan funds or programs offered by the County, individual Cities, or other Development authorities.

Partnerships in other Open to Business communities include management of community façade/fix-up grants, packaging of City-controlled loan products, and full underwriting and servicing of Commercial loans with City funds "purchasing" a portion of the total financing. Where appropriate, MCCD and the municipal lending authority shall enact a separate agreement to govern the rights and duties of each party to such a partnership.



Dakota County Fees:

Based on MCCD's current work load and resources, we would have to have a minimum of \$100,000 in annual fees to begin work in Dakota County. The individual city pricing is listed below. To avoid confusion on what city is an Open to Business city, we would recommend covering all of Dakota County for \$150,000 annually.

	population (2010)	employment (2011)	Whole county OTB Annual Fee
Dakota County	400,000	170,582	\$ 150,000.00
Sort by population; largest to smallest			
	population (2010)	employment (2011)	Open To Business Annual Fee
Eagan	64,206	49,032	\$ 15,000.00
Burnsville	60,306	31,656	\$ 15,000.00
Lakeville	55,954	14,522	\$ 15,000.00
Apple Valley	49,084	14,350	\$ 15,000.00
IGH	33,880	9,647	\$ 12,500.00
Hastings	22,172	8,303	\$ 10,000.00
Rosemount	21,874	6,980	\$ 10,000.00
Farmington	21,086	4,461	\$ 10,000.00
SSP	20,160	8,112	\$ 10,000.00
WSP	19,540	7,683	\$ 10,000.00
MH	11,071	11,528	\$ 7,500.00
City Total	379,333	166,274	\$ 130,000.00

Marketing Open to Business:

- Inform all city staff of OTB program, especially staff that has contact with prospective entrepreneurs and existing businesses. Have OTB staff make short presentation at city staff meetings
- Feature OTB on website, especially advertise monthly walk in counseling sessions
- Include article in city newsletter
- Notices in utility bills
- Promote program through local chamber of commerce
- Coordinate meetings with key community bankers and OTB staff
- Press releases to community newspapers on businesses helped by OTB

2011 Open to Business Lending Report



R. F. Beardsley
Services LLC
Minneapolis

2011 Highlights

- MCCD helped 86 entrepreneurs secure capital to start, expand or improve their businesses.
- These 86 entrepreneurs were located in 20 communities throughout the metro area.
- MCCD support enabled our entrepreneurs to access nearly \$5 million in capital for their business projects.
- MCCD staff provided valuable technical assistance to 400 entrepreneurs.
- Twenty-seven metro-area residents received credit building loans.
- Credit building borrowers who had completed the program saw their credit scores increase an average of 33 points.

About MCCD's Open to Business Loan Program

Small businesses provide the economic lifeblood for their communities by generating jobs, filling empty storefronts, providing needed goods and services, and creating wealth.

MCCD has always been "Open to Business" – a term that describes our on-going efforts to provide business advice and financing for emerging entrepreneurs in partnership with metro-area municipal

governments. Through our Open to Business partnerships, we help local governments create their own business support programs targeted at residents and entrepreneurs in their communities.

At the end of 2011, six suburban municipalities were Open to Business partners with another 10 scheduled to enroll in 2012.

2011 Lending Program Report

MCCD helped 86 entrepreneurs secure capital to start, expand or improve their businesses. Thirty-two of these entrepreneurs also received loans from MCCD. Altogether these 86 entrepreneurs created or retained 488 jobs for their communities.

MCCD helped 30 businesses affected by the May 2011 tornado in north Minneapolis access business recovery loans from the city to help with building repairs. MCCD also helped another 14 businesses obtain forgivable loans to help offset some of their decline in sales as a result of the light rail construction.

In 2011, MCCD provided nearly \$730,000 in direct loans to businesses and leveraged another \$4.1 million in capital from other sources including banks, our community lending partners, and owner equity.

Entrepreneurs by Ethnicity

African	13%
African American	33%
Asian	8%
Caucasian	46%
Latino	1%

MCCD's Mission:
To work collectively to
build strong stable
communities by
leveraging resources
for the development
of people and places.

Location of Businesses that Received Financing

City	# of Businesses Assisted	MCCD Financing	Total Project Cost*
Andover	1		7,400
Blaine	1	40,000	1,070,000
Bloomington	2	65,000	235,000
Brooklyn Park	5	87,500	682,626
Burnsville	2	20,000	27,500
Crstal	2	25,000	25,000
Elbow Lake	1		5,800
Golden Valley	1	25,000	25,000
Minneapolis	58	179,902	1,107,325
North St. Paul	2	110,000	110,000
Oak Grove	1	25,000	25,000
Plymouth	2	40,000	625,000
Robbinsdale	1	25,000	110,000
Roseville	1	15,000	17,000
Saint Paul	2	47,500	615,500
St. Anthony	1	25,000	80,000
St. Louis Park	1		50,000
Wadena	1		7,500
White Bear Lake	1		7,500
Woodbury	1		7,500
Total	86	\$729,902	\$4,840,651

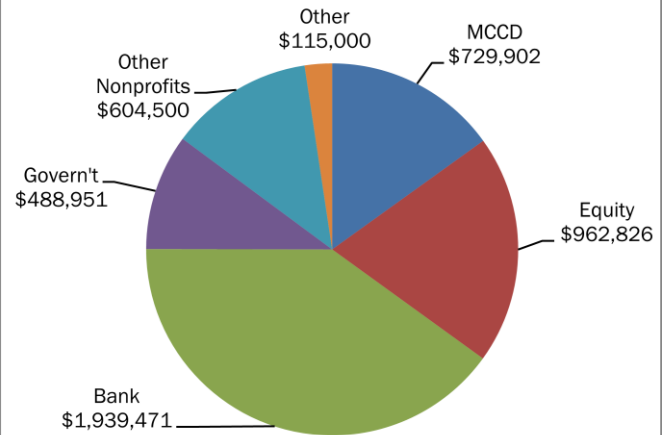
Source: MCCD Loan Program

*Includes MCCD Financing, Partner Financing and Owner Equity

Technical Assistance

Starting and growing a small business is not easy. Often the technical assistance that MCCD offers can be of more value to an entrepreneur than financing. In 2011 our staff provided over 1,650 hours of technical assistance to 400 entrepreneurs in the metropolitan area, helping them improve their planning, marketing, and financial management skills.

Sources of Financing for Assisted Businesses



Pumphouse Creamery Corporation Minneapolis



With the help of a loan from MCCD, Barb Zapzalka was able to purchase new production equipment for her business, Pumphouse Creamery Corporation. Barb makes all-natural, handmade ice cream and home-brewed root beer at her shop at 48th and Chicago in south Minneapolis.

R. F. Beardsley Services LLC (pictured on page 1)

Established in 1964 under the name CLG Enterprises to manufacture and market equipment and gear used by rodeo performers, the business was bought in 2003 by Richard Beardsley. The company has used its sewing expertise to shift its market focus from rodeo gear to medical gear. For example, the padded vests initially manufactured by the company to protect bull riders have been redesigned and adapted for use by individuals suffering from cystic fibrosis. The company employs a workforce of 20 at its south Minneapolis manufacturing plant. MCCD provided a loan for working capital.

Transactional Financing Program



**Salem, LLC
Brooklyn Park**

Cash flow can be challenging for small contractors who have to buy supplies and pay their employees long before they can bill their customers for a completed job. MCCD's transactional financing program provides a tremendous benefit to contractors working with community programs and partners.

MCCD partnered with the Greater Metropolitan Housing Corporation's (GMHC) Housing Resource Center to provide a cash flow loan for Salem, LLC, a residential remodeling contractor. The loan enabled the company to cover its early expenses for a GMHC-funded home rehabilitation project in the Phillips neighborhood of south Minneapolis. Salem's Willie McAfee is shown here in front of his company's completed project on 22nd Avenue.

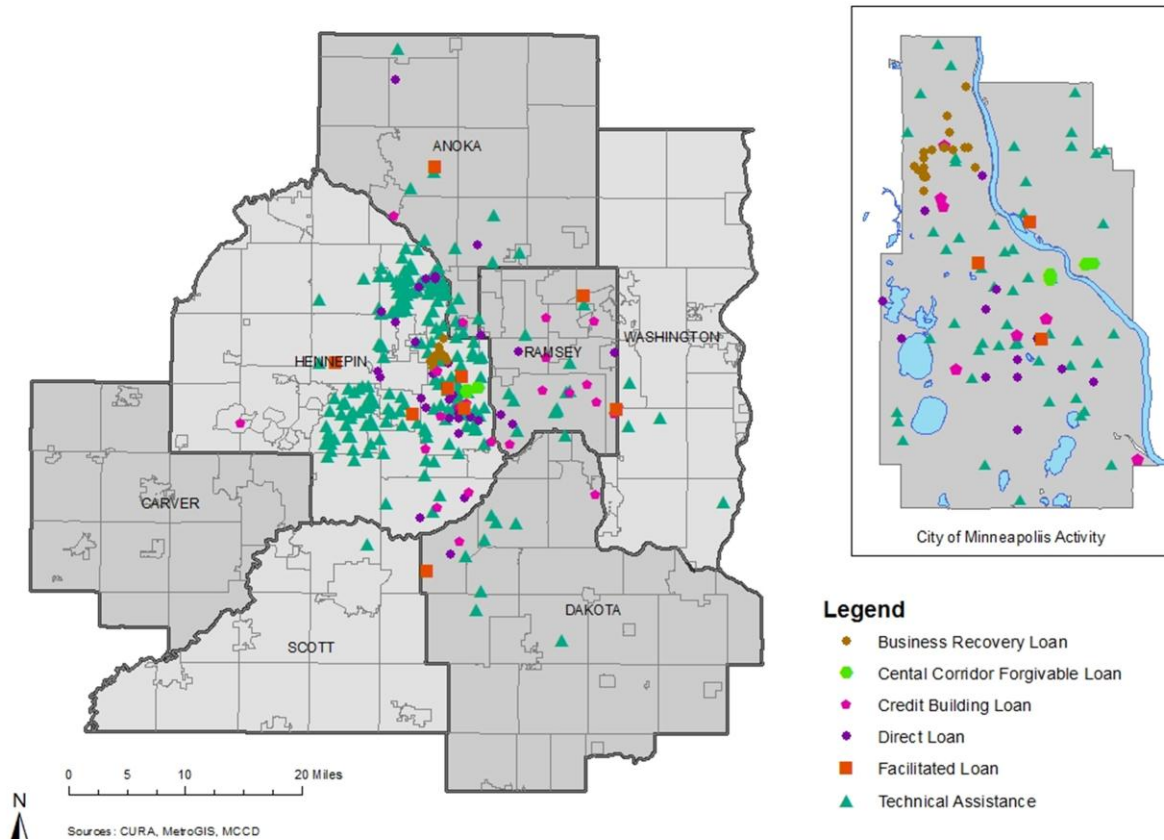
Credit Building Program

In 2011 MCCD worked in partnership with Project for Pride in Living's Center for Working Families, Lutheran Social Service's Eastside Financial Center, Build Wealth Minnesota and the Neighborhood Development Alliance to provide 27 credit building loans to area residents. This brings the total to 68 credit building loans since the program started in 2009.

Our partners provide financial counseling in conjunction with small personal loans from MCCD. This combination of counseling with loans is helping program participants improve their credit scores. Better credit scores can mean lower interest rates on car and other loans, and better access to affordable insurance and housing.

Those borrowers who have been in the program for at least a year and at the same time continue to work diligently to improve their credit are making great strides. Twenty-one participants saw their credit scores increase by 33 points from an average credit score of 592 to 625 since starting the program. Another 10 participants who started the program with no credit score were able to achieve an average score of 628, with two achieving scores of 700 or better.

2011 MCCD Open to Business Program



Partnerships

MCCD has worked with the following partners to help small businesses obtain capital:

- African Development Center
- Bank Cherokee
- Brooklyn Park Development Corporation
- BuildWealth Minnesota
- CCI Surety
- Minnesota Department of Employment and Economic Development
- Housing and Redevelopment Authority of the City of Saint Paul
- Latino Economic Development Center
- Lutheran Social Services Eastside Financial Center
- Metropolitan Economic Development Association (MEDA)
- Minneapolis Department of Community Planning and Economic Development
- Neighborhood Development Alliance
- Neighborhood Development Center
- Northside Economic Opportunity Network (NEON)
- Northeast Bank
- Project for Pride in Living Center for Working Families
- Unity Bank
- Venture Bank

Capital Sources

MCCD's loan program is funded from a variety of sources, including:

- Community Development Financial Institution (CDFI) Fund
- Brooklyn Park Development Corporation
- Minneapolis Community Planning and Economic Development
- Minneapolis Empowerment Zone
- Minnesota Department of Employment and Economic Development
- Wells Fargo Community Development Corporation
- U.S. Bancorp Community Development Corporation
- William C. Norris Institute

Metropolitan Consortium of Community Developers

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