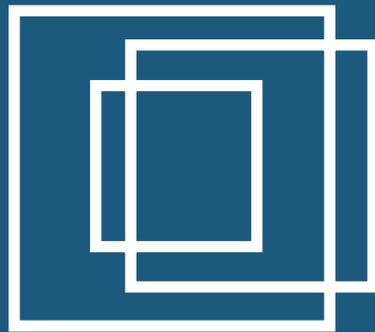




Metropolitan Consortium
of Community Developers



ANNUAL REPORT 2018

an association of nonprofit community development organizations
committed to expanding the wealth and resources of neighborhoods
through housing and economic development initiatives



FROM THE BOARD CHAIR & PRESIDENT/CEO



KATHY
BOARD CHAIR



JIM
PRES./CEO

Over the past quarter century, advancing a community development policy agenda has always been a top priority for MCCD. This past year was an especially active and productive time for us on the public policy front. Together with our partners in 2018, we were able to make important strides in our on-going work to expand and strengthen affordable housing initiatives. On the state level, our Homes for All coalition was able to secure \$90 million in bonding for permanent affordable housing. On the local level, we actively supported efforts by our two mayors, Minneapolis's Jacob Frey and St. Paul's Melvin Carter, to substantially increase housing funding in their municipal budgets.

Open to Business, MCCD's key economic development initiative, continued to provide access to capital for aspiring entrepreneurs throughout the Metro area. In 2018, we provided more than \$3.5 million in loan funds to over 200 small businesses in 24 Twin Cities area communities.

MCCD's Credit Building Loan program has continued to fill a unique community niche by helping hundreds of community residents, most of whom are below the area's median income, to increase or establish their credit scores. Participants have experienced an average score improvement of 35 points after one year, allowing them to access mainstream financial products at more favorable rates in order to launch a business, purchase a vehicle, or achieve homeownership.

Finally, our Emerging Leaders program offered professional development support for young leaders in our field of community development. The development support project was co-sponsored by U.S. Bank, Wells Fargo and Twin Cities LISC.

Our thanks to all our friends and partners who worked with us in 2018. We never could have accomplished so much without you and we look forward to continued partnership as we head into 2019 and our 30th anniversary year.

With best wishes,

Kathy Wetzel-Mastel, MCCD Board Chair
Jim Roth, MCCD President/CEO



Since the start of MCCD's Open to Business program in 2011, business advisors have been assisting small business owners throughout the metro area, from initial start-ups to expansions and further growth. Business advisors are now working in Anoka, Carver, Dakota, Hennepin, Scott, and Washington Counties and serve over 128 communities, with expected start in Ramsey County in 2019.

Open to Business helps business owners access a broad range of loan products, from micro loans of under \$5,000 to help an entrepreneur test the waters to loans of \$200,000 and higher to help second stage businesses to leverage private financing for growth and expansion – and everything in between.

2018 HIGHLIGHTS

- MCCD provided direct loans totaling over \$3 million to 69 small businesses- nearly two-thirds of whom are small start-up and early-stage ventures.
- MCCD's lending allowed our clients to access over \$23 million of other funding- leveraging nearly \$8 of outside investment for each \$1 deployed by the program.
- Financing resulted in the creation of 210 new jobs, while also supporting our borrower's 250 existing employees.
- MCCD provided credit builder loans to 124 metropolitan area residents. Credit building borrowers who paid their loans on time and worked to improve their personal credit habits saw significant improvements in their credit scores.
- MCCD staff provided more than 7600 hours direct technical assistance and support for more than 860 entrepreneurs spanning the gamut from advice to early stage planners to operational assistance for generational family businesses.



NEW RESTAURANT CONCEPT LAUNCHED

Lemon Grass Thai restaurant, tucked into a strip mall nearly hidden behind a grocery store in the northwest suburb of Brooklyn Park, doesn't enjoy the best visibility. But during the 12 years they've been in business, owner and chef Ann Ahmed and her husband and business partner Tarique Ahmed have grown Lemon Grass from a 10-table hole-in-the-wall to a full-service bar and restaurant with 43 employees. How did the Ahmeds manage such tremendous growth with a low profile and zero investment in advertising?

"If you have good food and good service, customers will find you," said Tarique Ahmed.

EXPERIENCED CHEF OFFERS UNIQUE FLAVORS
Chef Ann grew up in a Minnesota restaurant family before moving to San Diego to become a teacher. But her love of food called, and she moved back to Minnesota to open Lemon Grass in 2005. She quickly became known for her non-traditional blend of Laotian, Thai and San Diego flavors.

She'll carry on that innovation at a new concept called Lat 14 Asian Eatery. The restaurant will offer a mix of Thai, Vietnamese, Burmese, Malaysian, Filipino, and chef Ann's family's native Laotian flavors, all located along the line of Latitude 14O north in Asia.

RESTAURANTEURS TURNED REAL ESTATE OWNERS

Although the Ahmeds rent the Lemon Grass restaurant space in Brooklyn Park, they wanted the stability of property ownership as they opened Lat 14 Asian Eatery. They scoped out what they thought was the perfect location in an abandoned warehouse in Minneapolis. But their banker wasn't happy with the purchase price and refused to authorize a loan.

Seeking seasoned real estate expertise, the Ahmeds turned to Open to Business Advisor Rob Smolund. Smolund liked what he saw in the Ahmeds' business plan, but agreed that the asking price of the proposed location was too high. He promised to help the Ahmeds line up financing for the new restaurant if they could find a more favorable location.

NEW ASIAN FARE FOR GOLDEN VALLEY

The Ahmeds went back to the drawing board and quickly put in an offer on an affordable restaurant space in the nearby suburb of Golden Valley. Unfortunately, the Ahmeds had a financing gap with less than two weeks from the scheduled closing. Open to Business stepped in and provided gap financing that helped the Ahmeds close the deal and move forward with their vision for Lat 14 Asian Eatery.

"The turnaround time was impressive," said Tarique. "Without Open to Business and the program's ability to act quickly, this deal would not have been possible."

With the building secured, Lat 14 opened in the summer of 2018 with a full bar, a private dining area, and patio seating.

Visit Lat 14 Asian Eatery online at www.lat14.com and Lemon Grass Thai Cuisine online at lemongrassmn.com.

Lat
14  ASIAN
EATERY

www.Lat14.com



MN'S LONGEST RUNNING GROCERY STORE FLOURISHES UNDER NEW OWNERSHIP

Marine General Store is the oldest store in Minnesota, having been in operation since 1849. In fact, it provided the inspiration for "Ralph's Pretty Good Grocery" on the Prairie Home Companion radio show. But Marine General Store is more than just a grocery store—it's the vibrant, beating heart of Marine on St. Croix, and an essential part of the town's identity. Since the closest big box grocery store is more than ten miles away, Marine General Store supplies a large portion of the town's food in addition to providing a gathering spot for residents and tourists in the riverside town.



In 2015, the previous owners listed the store for sale, bringing it to the attention of Gordon Arcand. As a manager in a large grocery store chain, Arcand already knew the ins-and-outs of the grocery retail business. When he visited Marine General Store, he instantly envisioned changes that would make the operation more efficient and customer friendly.

Arcand was a perfect fit to become the next owner. He negotiated a contract for deed purchase, making payments until he could afford a loan, and became just the fifth owner in Marine General Store's long history.

OPEN TO BUSINESS HELPED SECURE FINANCING

Arcand started by making some essential improvements to the wiring and cooling systems, significantly cutting the store's monthly expenses and putting the store on the path to profitability. But as the end of his contract for deed approached, he still lacked the capital to refinance the store.

Luckily, he had a chance encounter with Open to Business advisor Tyler Hilsabeck, who was going door to door and being introduced to local business owners by Marine on St. Croix City Council Member Bill Miller.

Hilsabeck not only assured Arcand that Open to Business could help with investigating financing options, he also asked the business owner if there was anything else that could set up his business for success. Arcand revealed that he desperately needed to buy a generator to provide backup power during Marine on St. Croix's frequent power outages.

"The power goes out all the time. This is a small town," said Arcand. "We pretty much lose everything in the store, and the community relies on us."

Hilsabeck worked with the local Sunrise Banks branch to secure most of the necessary financing. Open to Business stepped in to provide gap financing for the project, and funded the generator purchase that will keep Marine General Store open in inclement weather.

"Without Tyler doing all the legwork, I would have been lost," Arcand said. "He went above and beyond what I imagined."

LOCAL BANK SUPPORTING LOCAL COMMUNITY

Rich Esquivel of Sunrise Banks said that the store's local history and Arcand's excellent operations made the deal attractive to the bank.

"Gordon is knowledgeable and he has phenomenal experience," he said. "We are one of the last true community banks left, so we were happy to support the different things they do serving their community on Marine on St. Croix."

FOUNDING A FAMILY LEGACY

Arcand continues to work his full-time job at a grocery store chain, but he believes Marine General Store will soon be profitable enough to help him retire comfortably. It's a true mom and pop shop: his wife owns and operates the ice cream shop next door and he is training his son to be the general manager.

"We want to keep it in the family," said Arcand. "Now we should be able to make it happen."

Visit Marine General Store at:
101 Judd St., Marine on St Croix, MN
55047.

And online at marinegeneralstore.com.



EMERGING LEADERS IN COMMUNITY DEVELOPMENT

The Emerging Leaders in Community Development (ELCD) celebrated our 2018 annual meeting by holding an Oxford Style Debate on whether or not the Metropolitan Council should be elected positions. Our featured debaters were C Terrence Anderson and Lael Robertson arguing for the motion, and Susan Haigh and Jim Brimeyer against the motion. We used online polling to receive the audience opinion and assess the impact of debaters' arguments.

We also hosted a panel of community development policy professionals who shared lessons learned on navigating the field from local, regional, and state perspectives. The conversation covered community engagement strategies and tools to effectively work to meet shared community development goals.



Emerging Leaders had the opportunity to tour Hennepin History Museum's *Owning Up*. The exhibit explored the history of racial housing discrimination in Minneapolis through the stories of three black families and demonstrated the lasting effects of structural discrimination, aiming to counter the enduring idea of Minneapolis as model metropolis. The exhibit focused on the history of racial discrimination and housing in Minneapolis and is part of *Racism, Rent and Real Estate: Fair Housing Reframed*, a series of events marking the 50th anniversary of the Fair Housing Act.

The professional development scholarship fund provided trainings for four emerging leaders this year. Two recipients attended PolicyLink's Equity Summit and the others attended the CHAM asset management conference and Lake States Environmental Lead Risk Assessor Training. We also arranged a project management for community development training that seven emerging leaders completed.



This year, the eighth round of the ELCD mentorship program facilitated meaningful relationships in community development by matching 27 pairs. We had nine new mentors and five mentors who have participated in all eight rounds. The mentorship committee continues to update the program and anticipates a new application process in 2019 to further improve the experience for mentees and mentors in the ninth round of the program.

The ELCD Steering Committee and ELCD members continue to find new ways to “equip early-career and mid-career community development professionals with the knowledge and relationships needed to effectively work with people and places to build our best possible future”. Financial support for the ELCD program was provided by US Bank, Wells Fargo Community Funding Council, and Twin Cities LISC.

LOCAL ADVOCACY

Make Homes Happen, of which MCCD is a proud founding member, worked hard to continue the momentum for affordable housing as a top issue. Many of the newly elected city council members and Mayor Frey had run on a platform that prioritized affordable housing issues. 2018 saw important conversations around goals for affordable housing and how these goals would be realized through the 2040 Comprehensive Plan and an interim inclusionary zoning policy was passed.

In September, MCCD welcomed on board Caitlin Magistad as a Policy Advisor with a focus on local and regional policy work, beginning in Saint Paul and the East Metro area. Caitlin spent her first few months in her new role connecting with members and partners to hear their goals and ideas for improving housing resources and policies in Saint Paul.

On both sides of the river, MCCD members (including staff as well as residents and board members) attended multiple public hearings to show their support of affordable housing



Photo by Ryan Stopera

and small business investments proposed in the 2019 budgets. Advocates were also pleased with the large housing wins in the 2019 budget in both Minneapolis and Saint Paul. MCCD staff attended a press conference hosted by the Mayor’s office to stand with city officials and other advocates as the Mayor signed the new budget with a record amount of investment in affordable housing.

NETWORKING & INFO SHARING



MCCD hosts formal and informal events that bring together the region's community development leaders. These gatherings are attended by community development staff as well as funders, policy makers, staff from city and state agencies, private lenders, for profit developers, and other members of the community. MCCD also shares news and updates with members and partners through its weekly e-newsletter, social media outlets, and website.

MCCD members continued to learn from one another in 2018 by sharing ideas and lessons learned in development, community engagement, small-business lending, technical assistance, and responding to a metro-wide housing crisis that experienced a visual representation of what everyone knew to exist long before this year.

We hosted two Community Development conversations in 2018, one with the two newly elected mayors of Minneapolis and St. Paul. Mayor Frey and Mayor Carter discussed plans for collaboration in the Twin Cities, and later in the year, we hosted a discussion to debrief the midterm elections with legislative reporters from MinnPost. Attendees left with a better understanding of the state's legislative makeup for 2019 and ideas as to how that might impact our advocacy work.

2018 member tours included Project for Pride in Living's Downtown View and Beacon Interfaith Housing Collaborative's 66 West. PPL's Downtown View was built in collaboration with YouthLink and is a building for youth that have experienced homelessness. This development model is unique because it features a "quad-suite" layout instead of the traditional studio apartment approach. Beacon's 66 West is a 39 unit development located in Edina for tenants who are young adults (18-24) who have experienced homelessness. Beacon partners with Simpson Housing Services to provide staff support to help students finish school, seek a career path and develop their independence.

MCCD hosted two trainings for its members in 2018, Advocacy Bootcamp and Project Management for Community Development. During Advocacy Bootcamp MCCD members learned advocacy basics including: testifying, storytelling, and drafting an elevator pitch. Attendees also heard from Ryan Baumtrog of MHFA and Darielle Dannen of DEED on their respective organizations' legislative priorities and a budget bonding overview. Bill Wermager of Advance Business Group taught members a project management framework with a community development focus and lens using case studies of affordable housing and economic development projects.



STATEWIDE ADVOCACY

The 2018 legislative session proved to be a success for MCCD, our members, and Homes for All partners. MCCD helped stave off any discussion of cuts to the small business development programs that help support economic development work around the state and in partnership with the Homes for All coalition, we helped to secure \$90 million in bonds for permanent affordable housing.

Over the summer, Governor Dayton’s Task Force on Affordable Housing released its report outlining a number of recommendations to support building and preserving more affordable housing across the state. While there was a lot of wonder about what would happen with the report going forward, the Prosperity’s Front Door campaign has emerged to help shore up support for an education campaign and to help find champions for the various recommendations. In September, Senior Policy Advisor Kari Johnson and Homes for All partners led efforts to put on a successful Lt. Governor Candidate Forum in Duluth with both major candidates. It was one of the only policy forums during the election cycle that received attendance from both major candidates and it received national recognition from the National Low Income Housing Coalition.

MCCD STAFF

Back row: Christin Boecker, Kathleen DuChene, Mara O’Neill, Tyler Hilsabeck, Kadra Abdi, Rose Teng, Cindy Ohlenkamp, Kris Maritz, Laurie Crow, John Endris

Front row: Greg Gramza, Rob Smolund, Kari Johnson, Claire Milldrum, Holly Bolstad, Lee Hall, Jim Roth, Caitlin Magistad



2018 ORDINARY INCOME/EXPENSE

INCOME

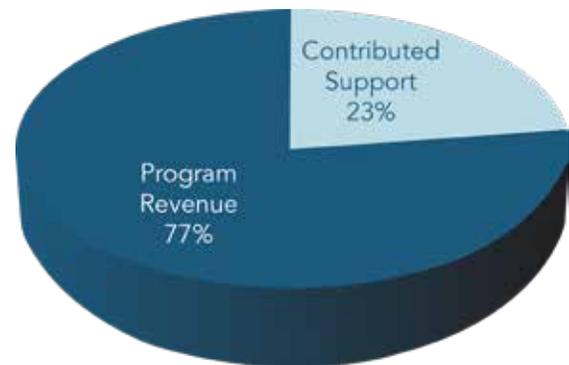
Contributed Support

Government Grants	\$4,065
Corporate / Business Grants	\$105,333
Foundation / Trust Grants	\$376,000
Total Contributed Support	\$485,398

Program Revenue

Agency (Gov't) Contract / Fee	\$1,096,275
Investment and Loan Income	\$530,375
Other Program Revenues	\$27,862
Total Program Revenue	\$1,654,512

SOURCES OF INCOME



TOTAL INCOME \$2,139,910

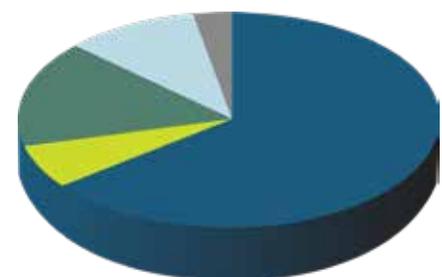
EXPENSE

Open to Business Program	\$1,173,309
Housing / Member Services	\$115,641
Public Policy / Advocacy	\$289,204
General & Administrative	\$187,674
Fund Development	\$53,637

TOTAL EXPENSES \$1,819,465

NET INCOME \$320,445

CATEGORIES OF EXPENSE



64% Open to Business Program

6% Housing / Member Services

16% Public Policy/Advocacy

10% General & Administrative

3% Fund Development

2018 MCCD BALANCE SHEET

ASSETS

CURRENT ASSETS	2018	2017
Cash & Cash Equivalents	\$1,947,283	\$2,133,206
Accounts Receivable	\$214,003	\$30,774
Promises to Give Receivable	\$175,000	\$0
Current Portion of Loans Receivable (net of allowance)	\$839,636	\$714,510
TOTAL CURRENT ASSETS	\$3,175,922	\$2,878,490
PROPERTY & EQUIPMENT		
Land	\$54,100	\$54,100
Building	\$241,919	\$241,919
Furniture, Equipment, & Software	\$41,185	\$54,814
Less Accumulated Depreciation	\$(64,616)	\$(68,685)
NET PROPERTY & EQUIPMENT	\$272,588	\$282,148
OTHER ASSETS		
Long-Term Loans Receivable, Net	\$6,537,836	\$5,620,933
TOTAL ASSETS	\$9,986,346	\$8,781,571

LIABILITIES

CURRENT LIABILITIES		
Current Portion Long Term Debt	\$100,000	\$500,000
Accounts Payable	\$6,917	\$6,894
Accrued Expenses	\$147,340	\$111,135
TOTAL CURRENT LIABILITIES	\$254,257	\$618,029
LONG-TERM LIABILITIES		
Long-Term Debt	\$6,514,963	\$5,266,861
TOTAL LIABILITIES	\$6,769,220	\$5,884,890

NET ASSETS

UNRESTRICTED NET ASSETS		
Board Designated Net Assets	\$2,979,555	\$2,794,895
TEMPORARILY RESTRICTED NET ASSETS		
Temporarily Restricted	\$237,571	\$101,786
TOTAL NET ASSETS	\$3,217,126	\$2,896,681
TOTAL LIABILITIES AND NET ASSETS	\$9,986,346	\$8,781,571

Metropolitan Consortium of Community Developers Board of Directors

EXECUTIVE COMMITTEE:

Kathy Wetzel-Mastel, MCCD Chair
Executive Director
PRG, Inc.

Laura Zabel, MCCD Vice Chair
Executive Director
Springboard for the Arts

Jim Erchul, MCCD Treasurer
Executive Director
Dayton's Bluff NHS

Nasibu Sareva, MCCD Secretary
Executive Director
African Development Center

Karen Reid, MCCD Past Chair
Executive Director
Neighborhood Development Alliance

BOARD MEMBERS:

Will Delaney
Associate Director
Hope Community, Inc.

Gene Gelgelu
Executive Director
African Economic Development Solutions

Barbara McCormick
Vice President
Project for Pride in Living

Warren McLean
President
NEON

Chad Schwitters
Executive Director
Urban Homeworks

Jeff Washburne
Executive Director
City of Lakes Community Land Trust

Elaine Wyatt
CEO
WomenVenture



2018 MEMBER ORGANIZATIONS

Aeon	Latino Economic Development Center
African Development Center	Metropolitan Economic Development Association
African Economic Development Solutions	Model Cities
Alliance Housing Incorporated	Neighborhood Development Alliance
American Indian CDC	Neighborhood Development Center
Artspace	NeighborWorks Home Partners
Asian Economic Development Association	NEON
Aurora/St. Anthony NDC	New American Development Center
Beacon Interfaith Housing Collaborative	Northside Residents Redevelopment Council (NRRC)
Build Wealth Minnesota	PRG, Inc.
City of Lakes Community Land Trust	Project for Pride in Living
Clare Housing	Redesign, Inc.
CommonBond Communities	Riverton Community Housing Association
Community Housing Development Corporation	RS Eden
Community Reinvestment Fund	Springboard for the Arts
Dayton's Bluff Neighborhood Housing Services	Twin Cities Habitat for Humanity
East Side Neighborhood Development Company	Twin Cities Housing Development Corporation
Emerge Community Development	Two Rivers Community Land Trust
First Children's Finance	Urban Homeworks
Greater Metropolitan Housing Corporation	West Bank CDC
Hmong American Partnership	WomenVenture
Homes Within Reach	
Hope Community	
Lake Street Council	

2018 FUNDING PARTNERS

Allina Health	Minnesota Housing Finance Agency
Ameriprise Financial	Northeast Bank
Bank of America Charitable Foundation	Old National Bank Foundation
CenterPoint Energy	Otto Bremer Trust
Family Housing Fund	Sunrise Banks
Greater MN Housing Fund	TCF Foundation
Landmark Environmental, LLC	Twin Cities Local Initiative Support Corp.
The McKnight Foundation	Twin Cities Metro Certified Development Co.
Minneapolis CPED	US Bank Corp / Foundation
Minnesota Business Finance Corp.	Women's Foundation of MN
Minnesota DEED	Xcel Energy / Foundation



3137 Chicago Ave
Minneapolis, MN
www.mccdmn.org
612-789-7337