

2016 Open to Business and Lending Report

2016 Highlights

- MCCD provided direct loans totaling over \$1.8 million to 47 small businesses.
- These 47 direct borrowers were located in 21 communities throughout the metropolitan area.
- On average, each \$1.00 of MCCD loan leveraged another \$4.00 in financing from banks, other community partners, and owner equity.
- Open to Business Advisors provided critical technical assistance to nearly 900 entrepreneurs.
- MCCD provided credit builder loans to 103 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.



Helping Businesses Start and Grow

When Teresa Fox and Arwyn Birch opened Glam Doll Donuts in February 2013, they probably didn't realize that their vintage, 1950s style Eat Street shop was just the first step in the establishment of their donut dominion. MCCD provided technical assistance and a small working capital loan that leveraged bank financing to help them start.

Over a million donuts later, these two donut queens opened their second set of pink doors in northeast Minneapolis, again with MCCD's help. The new and bigger location offers breakfast staples along with hot dishes, and an expanded menu of donuts. And what better to wash down those new donuts than special beer and bubbly pairings?

Not every new business that MCCD's Open to Business works with expands as quickly or as much as Glam Doll Donuts. Nevertheless, MCCD aims to always be there when entrepre-

neurs are ready to take their businesses to the next level.

Open to Business does more than provide financing. Our advisors have a deep connection with an entrepreneur, who in turn comes to trust their advisor. That's what happened with Alan Estevez.

Alan believes that his business El Diablo Amps would not be here if it weren't for the help, guidance, and support of MCCD. When he started working with his advisor in 2012, Alan had no business experience and few resources to start his business. Five years later, he's in retail space in northeast Minneapolis with annual sales approaching \$200,000.

Nonprofit lenders and technical assistance providers like MCCD and Open to Business play a



Glam Doll Donuts' new location at 519 Central Avenue NE in Minneapolis.

critical role in helping entrepreneurs launch and grow their businesses.

Jose Santarriaga has been an MCCD customer since he started JR. Wood Quality Finishing in 2005. This Burnsville company received multiple loans from MCCD over the years. With annual sales growing at an average of over 35%, Jose outgrew his existing space. He negotiated with his landlord for a space nearly double in size, and only one block from his existing site.

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Smoke in the Pit

In October of 2012, MCCD partnered with the city of Minneapolis and provided Ivy and Dwight Alexander with financing to start Smoke in the Pit, their barbecue restaurant at 38th and Chicago in south Minneapolis. When the owner put the building up for sale, the Alexanders decided to buy it since they had already invested so much in improving the space. MCCD again partnered with the city and provided the financing that Ivy and Dwight needed to purchase the building in April of 2016.

When asked how she liked working with MCCD's Open to Business program, Ivy said, "I love that they're non-profit because they believe in you more. They know you and they know where you're going. It's just important to have a relationship with people in your community." We couldn't agree more!



Dwight and Ivy Alexander in front of the business Smoke in the Pit at 3733 Chicago Avenue in Minneapolis.

Helping Businesses Start and Grow (continued)

from his existing site. MCCD provided financing to help the company relocate to the expanded space and purchase additional equipment to meet growing customer demand.

Maria Montiel first came to MCCD in 2004 for aid in opening La Costeña Market in Shakopee. When Maria outgrew that store, she came back to Open to Business for help. In 2016, she opened a beautiful new store in Shakopee, five times bigger than her old one.

In addition, Maria's project created jobs for five new employees and improved the street appeal of a building that had stood empty for nearly a decade.

Teresa, Arwyn, Alan, Jose and Maria are just a few of the entrepreneurs that MCCD and Open to Business have shepherded from start to growth. They are serving customers, creating jobs, and building community.



Maria Montiel, second from right, at the grand opening of her new Shakopee grocery store.

"El Diablo Amps and Guitars simply would not exist were it not for the help, guidance and support of the good folks at the MCCD."

Alan Estevez, Owner, El Diablo Amps and Guitars

Destination Academy

Kelly Anderson has worked as a child care teacher, manager, and director, but her real goal was to own her own child care center. Unfortunately, start-up costs can approach hundreds of thousands of dollars, a price tag well beyond Kelly's means.

Then came the opportunity of a lifetime. A vacant center in St. Francis was available for sale and the total project was under \$60,000.

MCCD partnered with Village Bank to provide Kelly with

the financing she needed to open the child care center in late 2016.

Kelly says that working with Open to Business taught her to be both patient and persistent. She learned that it is possible to start your own business "if you keep trying and working hard enough."

With only two other child care centers operating in the city, Destination Academy offers a much needed service to families of young children in and around St. Francis.



Kelly Anderson opened her St. Francis child care center Destination Academy in December 2016.

Credit Building Program

In 2014, Neighborhood Development Alliance referred Juan to MCCD for a credit builder loan. In 2009, he had paid off a car loan, but had not had any credit since then. By the time he had paid off his MCCD credit builder loan in 2015, his credit score had risen to 765! If he needs a car loan to replace his existing vehicle, his credit score is ready to go.

Juan is just one example of the 413 area residents that MCCD has made credit building loans to since the program started in mid-2009. While not everyone is as successful as Juan, most credit builder borrowers who pay their MCCD loans on time and continue to work on their credit see increases of 20 to 35 points and even more after one year in the program.

MCCD's credit builder loans are zero interest, too, and fees are low.

In 2008, Joan had a medical emergency that sent her to the ICU for a week and left her disabled and unable to work for over two years. By the time she was able to go back to work, medical and other bills had piled up and Joan faced a slew of collections. When she applied for her first credit builder loan in 2010, her credit score was only 469. Joan worked closely with her counselors at the East

Side Financial Center to repair her credit. By the time, Joan had repaid her second MCCD credit builder loan, her score had jumped over 200 points!

MCCD has made nearly 500 credit builder loans totaling \$129,500 to 413 borrowers. All are low-income and most are persons of color. The vast majority of credit builder borrowers work hard to repay their loans on time and in full. The program has a very low default rate of only 4%.

"MCCD's credit building program may have just as big an impact on individual lives as MCCD's business loans."

Karen Reid, Executive Director, Neighborhood Development Alliance

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Building Opportunity



Lending Partners

- African Development Center
- African Economic Development Solutions
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- BankCherokee
- Bank of Belle Plaine
- BMO Harris Bank
- Brooklyn Park Development Corporation
- BuildWealth Minnesota
- CommonBond Communities
- Community Development Financial Institution (CDFI) Fund
- Deerwood Bank
- Great Western Bank
- Highland Bank
- Latino Economic Development Center
- Minneapolis Department of Community Planning and Economic Development
- Minneapolis Urban League
- Minnesota Department of Employment and Economic Development
- Neighborhood Development Alliance
- Neighborhood Development Center
- Northeast Bank
- PRG, Inc.
- Project for Pride in Living Center for Working Families
- Security Bank & Trust
- South Metro Federal Credit Union
- Sunrise Banks
- U.S. Bancorp Community Development Corporation
- Venture Bank
- Village Bank
- Vision Bank
- WCA Foundation
- Wells Fargo Community Development Corporation

Open to Business

For over five years MCCD's Open to Business program has helped several hundred businesses obtain financing and provided technical assistance to several thousand more. In 2016 alone, MCD's Open to Business Advisors provided nearly 6,100 hours of technical assistance to nearly 900 entrepreneurs.

Our Open to Business advisors are serving entrepreneurs in over 70 communities in Anoka, Carver, Dakota, Hennepin, and Scott Counties. We expect to expand the Open to Business program in 2017 with the addition of Washington County and its communities.

Everyone knows that new and

early stage businesses can have a hard time getting loans to start their businesses. Even successful, second stage businesses can have trouble getting all the financing they need for their expansion projects.

That's why helping small businesses access capital is a fundamental goal of MCD's Open to Business program.

Since 2012, MCD has made 248 small business loans totaling over \$8.9 million. These loans leveraged another \$71 million in other financing and resulted in the creation or retention of 1,800 jobs.

You can see the business-

es that MCD has financed revitalizing Central Avenue in Minneapolis, caring for children in St. Francis, serving customers in Shakopee, and creating jobs in Burnsville. They are helping to build communities from Blaine to Belle Plaine, and from Watertown to West St. Paul.

MCCD's Mission:

To work collectively to build strong, stable communities by leveraging resources for the development of people and places.