



Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 5515

March 17, 2023

Support for Minnesota Initiative Foundations revolving loan capital (HF 2556)

Dear Chair Hassan and members of the House Economic Development Committee,

The Initiative Foundation is a nonprofit advancing rural economic prosperity across the 14 counties and two Native nations of Central Minnesota. To address unmet needs in our region, we wear many hats, offering the services of a traditional community foundation, providing training and technical assistance to small businesses and nonprofits, and lending capital as well.

Our small business lending activities date back to our inception in 1986, and we received certification from the US Department of the Treasury in 1997 as a Community Development Financial Institution (CDFI), with a mission-driven focus on serving low-income, rural, and entrepreneurs of color. We provide between \$3 and \$4 million in loans each year to small businesses, much of which is in the form of “gap loans” that unlock over \$20 million in additional lending from our partner banks and credit unions. We’ve also lent more than \$1 million since 2021 in the form of microloans, mostly to entrepreneurs of color. In response to rising demand for capital, we are in the midst of a strategic planning process that will expand our capacity to deploy even higher loan volumes in the future.

To maximize our borrowers’ chances of success, we also offer extensive cohort-based training, along with personalized one-on-one technical assistance as part of our Enterprise Academy program. Its curriculum and implementation are guided both by our community-based partners and by the experience of our close partners at Neighborhood Development Center in St. Paul. Examples of our recent business borrowers include a tax service for immigrants and refugees; a Somali-owned culturally specific mental health clinic; a Black barbershop and training school; a Native-owned orchard and agritourism destination; and more.

Our loans often support entrepreneurs who have little or no equity, low or non-existent credit, and would not qualify at a bank. In addition, we believe we are the only Central Minnesota-based lender offering loans with Sharia-acceptable terms.

Learn more about our good work serving Central Minnesota at ifound.org



As the St. Paul-based Center for Economic Inclusion - a collaborator of ours - has demonstrated, BIPOC, low-income, and rural entrepreneurs face significant disparities in accessing capital, a key determinant of one-year and five-year business success rates.

The capital that would be provided in this bill will allow us to continue leveling the playing field for diverse, rural entrepreneurs. In addition, as loans made with this capital are repaid, we will cycle the repaid dollars to new borrowers, which means that this one-time funding request will continue to support entrepreneurs and drive equitable economic development far into the future.

Thank you for your consideration, and for your service to Minnesota!

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Varilek'.

Matt Varilek
President
mvarilek@ifound.org
cell: 320-412-3080

A handwritten signature in black ink, appearing to read 'Brian Voerding'.

Brian Voerding
VP, Inclusive Entrepreneurship
bvoerding@ifound.org
cell: 320-406-9888

Learn more about our good work serving Central Minnesota at ifound.org



SOUTHERN MINNESOTA
INITIATIVE FOUNDATION

525 Florence Avenue • PO Box 695 • Owatonna, MN 55060-0695
PH 507.455.3215 • FAX 507.455.2098 • smifoundation.org

3/15/2023

Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 5515

Re: Letter of Support for MIF Loan Bill Request

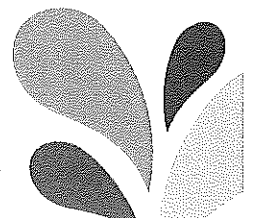
Dear Chair Hassan and members of the House Economic Development Committee

Southern Minnesota Initiative Foundation's (SMIF) partnership with the State of Minnesota has been gone back since the formation of our Foundation in 1987 with a mission to help advance economic opportunities in our region. The State of Minnesota and DEED provided SMIF with funding to help seed our revolving loan fund back in 1987 and again in 1993 with \$2 million dollars in funding. The State provided additional funding in 2014 and 2016 totaling \$832,000. We have been able to take these dollars and revolve them into our region providing over \$12 million dollars in loans to roughly 150 businesses.

We have since partnered with DEED on other lending programs including the Emerging Entrepreneur Loan Program (EELP), which provides loans to BIPOC businesses and the Small Business Emergency Loan Program (SBEL) which helped provide loans to businesses affected by the COVID pandemic. These two programs have helped over sixty business providing almost \$1.5 million in additional capital.

SMIF considers funds provided by the State of Minnesota to be most beneficial as funding from the State has allowed us the flexibility to provide financial solutions. That flexibility allows SMIF to target clients who may not qualify for traditional financing or who are seen as riskier bets by banks because they are start-up businesses. SMIF's portfolio typically targets start-up businesses, with over 60% of our loans given in this category filling a large gap in the financial marketplace.

The addition of \$3 million dollars from the state of Minnesota will help fill a niche in the marketplace that traditional lenders are not able to meet or, at least, provide to banks a needed partner to help fill the gap to complete a loan package. We anticipate these dollars will help compliment our other programming that work directly with clients to provide technical assistance, group peer networks and other training opportunities that better help the client manage their business and reduce the risk of failure. This additional funding will help SMIF reach more businesses in our communities by providing more flexibility in lending terms and options.





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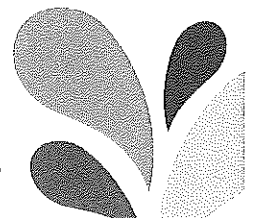
SMIF has expanded our outreach and programming to BIPOC communities in the past several years. Our current portfolio reflects over 20% of our new loans are BIPOC businesses. And, we have added additional programming to complement our lending that includes our Prosperity Initiative Program that works with BIPOC businesses to provide regular education, coaching, and business resources. We have also added other financing options, including Sharia Financing, which are unique to our region.

Again, the addition of \$3 million dollars in funding from the State to provide loan capital in our region will have immediate and continued impact for our region. SMIF has proven to be a good steward of grant dollars by working to provide the greatest impact to our region and communities. We intend that the dollars invested will continue to revolve into our communities at a rate of every five or six years rolling over into new loans thereby providing three or four times the original investment over a 20-year period. We will continue to target these dollars to compliment traditional financing options and fill the gaps where funding is not available.

We thank you considering this request for funding and look forward to a continued partnership with the state of Minnesota.

Sincerely,

Tim Penny
CEO/President.
Southern Minnesota Initiative Foundation.
525 Florence Avenue
Owatonna, Mn 55060





**SOUTHWEST INITIATIVE
FOUNDATION**

15 3rd Avenue NW
Hutchinson, MN 55350
800-594-9480 or 320-587-4848

swifoundation.org

March 19, 2023

Rep. Hodan Hassan
597 State Office Building
St. Paul, MN 55155

Dear Chair Hassan and members of the House Economic Development Finance and Policy Committee:

On behalf of Southwest Initiative Foundation (SWIF), I want to express my strong support for HF 2556. SWIF serves the 18 counties of rural Southwest Minnesota, including the Upper Sioux Community and Lower Sioux Indian Community. This bill will provide critically needed capital to advance economic mobility throughout our region, especially in our historically underserved populations. In addition, this funding is urgently needed to continue our work in advancing a post-pandemic recovery grounded in equity, entrepreneurship, business retention and expansion, and collaboration. Our loan programs are at an all-time historic high in the level of demand and deployment, so **the need for this capital has never been greater or more urgent**. This is a tremendous opportunity to invest in our region's main streets, commercial corridors, and industrial parks, and especially in women, BIPOC entrepreneurs, veterans, persons with disabilities, and other entrepreneurs who have been historically underserved.

The Minnesota Initiative Foundations have been a trusted partner with the State of Minnesota since our inception in 1986. We are grateful for the partnership and trust that you have placed in us over our decades in growing rural Minnesota's economy and in creating communities where businesses and families can prosper. Most recently, our collaboration with the Minnesota Department of Employment and Economic Development helped deploy millions of dollars to thousands of small businesses throughout Minnesota as our entrepreneurs worked tirelessly to navigate the unknowns and the economic impacts of the global pandemic. Our work in the Small Business Emergency Loans, Small Business Relief Grants, Small Business Loan Guarantees, and Main Street COVID Relief Grants during the pandemic response and recovery, and in the Main Street Economic Revitalization Program today, reiterates that we have the staff expertise, systems, local connections and deployment partners, and knowledge of communities to deploy capital and resources in a manner that advances equity in economic development and inclusive community engagement, ensuring that historically marginalized and underserved entrepreneurs are reached, and that barriers in receiving resources are mitigated and removed. We are also proud of our multi-decade relationships with community banks and credit unions and other economic development lenders.

This capital will leverage our technical assistance resources that are vital for the success of our entrepreneurs. We are engaged in highly impactful technical assistance programs such as Elevate Community Business Academy, Initiate Prosperity, Marketing Bootcamp and Business Reinvention, and our SBA and USDA Microloan programs. We are also proud to be a Minnesota Emerging Entrepreneur Loan Program lender, and we have exhausted our most recent allocation of those funds based upon demand. I am grateful for your consideration of this bill.

Sincerely,

Scott Marquardt, CEcd, EDFP
President



Confirmed in Compliance with National Standards
for U.S. Community Foundations

Excellence. Accountability. Impact.™

An Equal Opportunity Provider And Employer





Northwest
Minnesota
FOUNDATION

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March 17, 2023

Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 55155

Chair Hassan and members of the House Economic Development Committee:

On behalf of the Minnesota Initiative Foundations, and our business, local government, chamber of commerce, foundation, and nonprofit members, I write today in strong support of the MIF Loan bill.

Northwest Minnesota Foundation (NMF) has a strong history of supporting small businesses in our region through loan programs and providing technical assistance. Over the past four years, NMF has originated over 200 loans across our region totaling over \$5.1 million.

An additional \$3,000,000 of loan capital will allow NMF to continue supporting small business lending activity throughout our region. The additional loan capital will also allow NMF to increase its support for more housing development projects (affordable and workforce housing).

NMF is a Community Development Financial Institution (CDFI) and is committed to lending to historically underserved populations. In 2023, 69% of our loans have been made to businesses in distressed census tracts, low-income business owners, Native-owned and other BIPOC-owned businesses. In 2022, 71% of our loans were made to the same groups.

A key component to the proposed MIF Loan bill is that the loan capital will be revolving in perpetuity. This allows NMF to continue supporting small businesses and having an impact in our region year after year.

Thank you for hearing the MIF Loan bill, and I urge you to make this investment this year.

Best Regards,

A handwritten signature in cursive script that reads "Karen White".

Karen White
President/CEO



Investing resources
in our communities
for regional success

PO Box 318
Fergus Falls, MN 56538-0318
218 739-2239 • 800 735-2239
Fax: 218 739-5381
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March 17, 2023

Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 5515

RE: Minnesota Initiative Foundations Loan Bill Request

Dear Chair Hassan and members of the House Economic Development Committee:

We are grateful for your consideration of this request to provide additional loan capital to continue our good work in supporting small businesses in Greater Minnesota.

West Central Initiative (WCI) has served our region in multiple capacities since our inception in 1986. I am writing today to share more about our lending program so you can see how important these investments are to our communities. Our loan programs serve the small businesses that are the lifeblood of our mostly rural communities, and those impacts can be directly seen in the main streets and industrial parks across our region.

Our very first annual report featured nine businesses that accessed just over \$217,000 in loans. There had been over \$1 million in requests that first year, but the funding to do more loans wasn't available. This last fiscal year, WCI closed 32 loans totaling over \$2.5 million. Over the decades, WCI has made over 1,250 loans that amount to over \$57 million dollars. Those loans created or retained 8,830 jobs and leveraged \$275 million in additional capital from other lenders and borrower equity.

Even in these trying economic times we are seeing multiple daily inquiries for loan capital to support start-ups, expansions, stabilization, and ownership transitions. While the loan funds that are repaid do revolve to provide loans to other projects, we have seen an increased demand in requests that don't necessarily align with the requirements of some of the loan funds we administer, especially those that are federally funded. Another recent obstacle that has arisen is the need to extend our maturities because it is financially prohibitive for the business to transition to full bank financing due to the current interest rates. These factors have greatly reduced our capacity to provide loans.

Since 2020 of the 1.17 loans we have closed, almost 50% have been to woman-owned, BIPOC-owned, or veteran-owned businesses. Our loan programs provide an unmatched level of flexibility in being able to look beyond the typical barriers that inhibit access to capital for these groups of entrepreneurs.

The loan capital we are requesting will be a one-time expense for the state, but it will benefit small businesses in our communities over and over again. As the funds are repaid and revolve back into supporting new loans to other businesses, the impact will multiply. Thank you for considering this investment in our region.

Sincerely,

A handwritten signature in black ink that reads "Anna Wasescha".

Dr. Anna Wasescha
President, West Central Initiative



March 19, 2023

Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 55155

RE: Letter of Support: HF2556/SF2595

Dear Chair Hassan and Members of the House Economic Development Committee,

As the President/CEO of Aura Fabricators Inc., I am writing this letter in support of West Central Initiative to be a recipient of funding under Bill HF2556/SF2595. We are a miscellaneous and structural metal fabricator that primarily serves the DOT markets in Minnesota, the surrounding states as well as Hawaii. We are also certified as a Disadvantage Business Enterprise (DBE) that is both woman and minority owned.

West Central Initiative's mission is to improve West Central Minnesota through funding, programs, and technical assistance. I have observed their ongoing mission successes through my company's current loan under West Central Initiative. I also have the privilege of witnessing their ongoing work through my involvement in various community organizations. Namely, I serve as the Vice President and a Director of Greater Fergus Falls, a local nonprofit economic development group. As such, I have a unique perspective of their successes in supporting businesses in many industries. West Central Initiative maintains a strong community centered presence and directly fosters economic growth in a meaningful way.

Aura Fabricators Inc. was a fortunate recipient of a loan initiated to help us close a financial gap on our expansion into Fergus Falls, MN in 2017. Without it, we wouldn't have been able to complete our project. West Central Initiative was able to accommodate our request for additional funds due to the last legislative allocation. This allowed us to grow our operations and create jobs.

I endorse West Central Initiative as one of the recipients of funding under the above-mentioned bill. I am confident that it would directly benefit our local, regional, and statewide economy, foster new industry growth, and create jobs. Without a doubt, I urge your full consideration in approving bill request HF2556/SF2595.

If you have any questions or concerns, feel free to contact me directly at 218.332.0914 and/or jsonmor@aurafabricators.com.

Sincerely,

Jasmine Sonmor
President/ CEO – Aura Fabricators Inc.
Direct: 218.332.0914
Cell: 218.205.2516
e-mail: jsonmor@aurafabricators.com



3/15/2023

Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 5515

Re: Letter of Support for MIF Loan Bill Request

I am writing this letter of support regarding Southern Minnesota Initiative Foundation's (SMIF) request to the State of Minnesota, along with their other MIF Foundations in the State, to secure \$3 million dollars for each MIF to support lending activity in their region. The impact of these loan funds will be instrumental to the growth of new businesses like mine in our region.

When I started my company, Busy Baby, in 2018, I had NO IDEA how I was going to come up with all of the money needed to start production of my baby product invention. Just the CAD drawings for the manufacturing were expensive and that's before ever getting to the cost of making molds and then actually producing the minimum 5,000 units. As a woman and veteran, SMIF was able to help me by granting me a seed loan for \$20,000 that helped me with the development and molds. They also directed me to additional resources that would help me get additional funding. When I needed more money to produce extra inventory in advance of my appearance on Shark Tank, SMIF was there. When I needed additional funds to buy the patent from another company to expand my own, SMIF was there. Additionally, SMIF has provided a place and organization for myself and my peers to gather and support one another on a regular basis.

It takes a village to start and grow a small business. I'm so grateful that SMIF is the hub at the center of my village. Without the financial support at SMIF, I likely wouldn't have my business at all. Because of SMIF, we just hit the \$10MM revenue milestone in just a few short years.

Sincerely,

Beth Fynbo
CEO
Busy Baby



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March 16, 2023

Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 5515

Dear Chair Hassan and members of the House Economic Development Committee,

On behalf of Bright Crown, LLC, I write today in strong support of the MIF Loan Bill.

As a recipient of a loan from the Northwest Minnesota Foundation, my business has benefited. This loan covered the cost of start-up expenses, including working capital for hand tools, equipment, and supplies. Bright Crown, LLC, will be using these purchases to expedite the rehabilitation of low-income supportive housing rental units. Once the units are rehabbed, Bright Crown, LLC, will also work to onboard new tenants, stabilize their housing, and provide long-term supportive housing services to them.

The Northwest Minnesota Foundation staff reduced barriers for me to access this lending opportunity. They provided flexible loan terms, and worked to develop a loan product that fit my business and my goals. They are providing technical assistance and learning opportunities to me and my partner, and they are invested in our success.

As a loan recipient of the Northwest Minnesota Foundation I hope to see additional funding opportunities made available to support communities and small businesses like mine. I am in support of this bill allocating \$18 million dollars to the Initiative Foundations to capitalize revolving loan funds and creating lasting impact in communities.

Thank you for hearing MIF Loan Bill, and I urge you to make this investment this year.

Best Regards,

A handwritten signature in black ink that reads "Ashley Benson".

Ashley Benson, CEO
Bright Crown, LLC



Representative Hodan Hassan
597 State Office Building
Saint Paul, MN 5515

3/17/2023

Support for Minnesota Initiative Foundation's loan capital request

Dear Chair Hassan,

I am the owner of No Limit Painting in St. Cloud, a business that guides participants in corporate and community events to paint for engagement, youth development, team building, and more. Most recently I published a coloring/painting book, "You Can Be Anything!", which tells the story of living your dream and of true acceptance, no matter your life's circumstances. I have already sold out my first printing and am looking forward to continuing to grow my business.

When I wanted training on how to start my business, I participated in the Initiative Foundation's Enterprise Academy, a 12-week training course that provides ongoing support. When I needed capital to launch, I turned to the Foundation for a loan. I was grateful to have access to this funding, as well as the free one-on-one coaching that comes with every loan.

I am writing to support the Foundation's request to the Minnesota Legislature for additional loan capital to provide to entrepreneurs like me in Central Minnesota. I really appreciate the Foundation's ongoing investments in entrepreneurs of color, especially those starting their first businesses in our community. They provide an important resource in our region, especially by giving loans to entrepreneurs who are not yet ready or able to work with traditional banks.

Thank you for considering this bill – I am happy to do my part to help the Initiative Foundation continue to support many more successful entrepreneurs like me in Central Minnesota!

Sincerely,

Antionette Lee
CEO and Founder, No Limit Painting
paintingwithnlp@gmail.com | 320-316-6628