



MINNESOTA COUNCIL  
ON FOUNDATIONS

## Minnesota Council on Foundations

Integrated Capital Recovery Program

Date: 1-3:30 July 29, 2020

# BIPOC Centered

- Leech Lake Financial Services
- Mni Sota Fund
- NeDA
- Catalyst Consortium
- Meda



# Leech Lake Financial Services

Provides access to affordable capital and financial education training for all residents of Leech Lake Reservation Community.

## Organization History and Scale

- Founded 2012, Certified as a CDFI in 2016
- Operates in Leech Lake Reservation and 25 miles beyond (Bemidji, Grand Rapids, Walker)
- Loans Receivable: \$217,139
- 12/2018 Total Assets: \$846,645

## Team

3 total staff (67% Women, 67% enrolled Leech Lake Band of Ojibwe members)  
Executive Director for 7 years

## Use of Funds and timing

**Longer term resilience:** The Auto Loan Fund will provide LMI community members with reasonable transportation loans. Applicants will attend programming on choosing a car and car maintenance courses. Terms for these loans will be 36-60 months with 4-8% interest based on credit score. The Credit Builder Loan Fund will provide affordable consumer/credit building loans for LMI community members. Loans will be for 12 months with 4-8% interest based on credit score.

## Target Impacts

- DEI: Staff and board has gender balance, staff are 67% enrolled Leech Lake Band of Ojibwe members; Serves LMI American Indians
- Over 90% served are low to moderate income (LMI) American Indians, mostly members of the Leech Lake Band of Ojibwe.

## Capital Needs

Loans: \$300,000 split into \$200,000 for the Auto Loan Fund and \$100,000 for the Credit Builder Loan Fund.  
Grants: \$40,000 for operation of funds (\$25,000 for the Auto Loan Fund and \$15,000 for the Credit Builder Loan Fund)

## PRI/investors

Northwest Area  
Foundation (Grants)

# Mni Sota Fund

(Prev. Bii Gii Wiin CDFI)

Provides training and loans for American Indians to promote home ownership, entrepreneurship, and financial capabilities.

## Organization History and Scale

- Founded 2012
- Certified as a Native CDFI in 2019
- Operates in Twin Cities Metro Area
- Loans Receivable: \$22,725
- 12/2018 Total Assets: \$96,367

## Team

4 staff members (75% Tribally Enrolled, 75% Women)  
Executive Director 2 years

## Use of Funds and timing

**Emergency response:** COVID-19 Distressed business loans and technical assistance. Existing pipeline of Native-owned small businesses dealing with closures and disruptions.

**Recovery efforts:** Recovery capital to cover costs till markets normalize. Including businesses who received emergency loans.

**Longer term resilience:** Developing high-touch strategies to expand integrated capital structures for their entrepreneurs. Native businesses historically undercapitalized and disadvantaged, looking to build a resilient ecosystem of indigenous businesses.

## Target Impacts

- DEI: Majority tribally enrolled staff and 100% tribally enrolled board; 100% existing borrowers are Native
- Serves American Indians throughout MN, primarily in the Twin Cities Metro Area

## Capital Needs

Grants \$500,000 (\$500,000 for lending capital and \$250,000 for operating funds)

## PRI/investors

Otto Bremer Trust  
Northwest Area  
Foundation  
Minneapolis Foundation

# NeDA Centro de Finanzas (Neighborhood Development Alliance)

Lending branch of NeDA. Provides home rehab loans, financial literacy training, and credit builder loans for Latinos and low-income families.

## Organization History and Scale

- Founded 1990 (NeDA)
- Certified as a CDFI in 2018
- Operates in low-income census tracts in the Twin Cities and Latino homeowners within the entire Twin Cities

## Target Impacts

- DEI: Women-led and 100% Women staff, majority Latinx; Target include Latino communities
- Serves low-income populations and Latino communities

## Team

9 total staff (100% Women, 67% Latinx)  
Executive Director for 24 years (NeDA), 110 years of combined experience across 9 staff in counseling and real estate development

## Capital Needs

Loans: \$100,000-200,000 for homeowner rehab loans  
Grants: \$100,000 for financial literacy training and coaching, management of loans

## Use of Funds and timing

**Longer term resilience:** Home rehab loans serve to ensure that low-income and Latino homeowners can maintain a healthy home in the long term. NeDA will also serve on-going emergencies not tied to current economic conditions, to prevent code issues and condemnation. Loans will be around \$10,000-25,000 for 10 years at 2-3% interest.

## PRI/investors

None

# Catalyst Consortium

A collaboration between 6 leading MN based minority business support organizations. The collaboration provides scale of efficiency for fund management and technology, and streamlines reporting for funders and stakeholders.

## Organization History and Scale

- Founded 2016
- Certified as a CDFI: ADC in 2013, AEDS in 2018, CRF in 2013, LEDC in 2013, and Meda in 2013. CRF and Meda are Aeris rated
- Operates in MN

## Target Impacts

- DEI: Serves minority business support organizations; Loanee/grantees serve minority businesses
- Serves minority businesses in a collective effort to not create competition.

## Team

6 Leading MN based minority business support organizations. Founding members are ADC, AEDS, CRF, LEDC, Meda, and NEON.

## Capital Needs

Collective Loans: \$34,050,000  
Collective Grants: \$7,310,000

## Use of Funds and timing

**Emergency response:** Collective loan usage of \$12,750,000 and grant usage of \$2,310,000 between Mar-Dec 2020. For TA and bridge financing/lines of credit to address short-term needs.

**Recovery efforts:** Provide operating capital and support with operation strategy to restart businesses. Anticipate a second capital crunch due to PPP's liquidity impact on major financial institutions. Collective use of \$12,150,000 in loans and \$2,750,000 in grants from June 2020-June 2021.

**Longer term resilience:** Help expand operations to meet pent up demand for goods & services with strategy and capital for R&D, expansions, and acquisitions. Loan use of \$9,150,000 and grant use of \$2,250,000 from Oct 2020-Dec 2021.

## PRI/investors

Minneapolis  
Foundation:LEDC  
Initiative Foundation:LEDC  
and ADC  
Blandin Foundation:ADC  
Minneapolis  
Foundation:ADC  
Otto Bremer Trust: ADC 6

# Catalyst Consortium

<b>Catalyst Partner</b>	<b>Capital Request</b>	<b>Grant Request</b>
ADC	\$1,500,000	\$210,000 (TA)
AEDS	\$5,000,000	\$1,000,000 (\$500K TA/ \$500K Loan Loss Reserve)
CRF	\$5,000,000	\$500,000 (Loan Loss Reserve)
LEDC	\$3,500,000	\$350,000 (TA)
Meda	\$18,500,000	\$4,500,000 (\$3M Loan Fund Assets/ \$1.5M LLR)
NEON	\$550,000	\$750,000 (TA)
Total	\$34,050,000	\$7,310,000

# Metropolitan Economic Development Association

Serve minority entrepreneurs because they provide the clearest path to wealth creation to eradicate economic disparities in communities of color. Exclusively serving BIPOC-owned businesses by providing capital, access to contracts, and TA.

## Organization History and Scale

- Founded 1971
- Certified as a CDFI in 2013, 3-star impact rating and BBB-fund rating from AERIS
- Operates in MN
- 12/2018 Total Assets: \$24,620,444

## Target Impacts

- DEI: Exclusively serves BIPOC-owned businesses
- Exclusively serves BIPOC owned businesses. 32% Women-owned.

## Team

21 total staff

President & CEO for 8 months

## Capital Needs

Loans: \$18,500,000

Grants: \$4,500,000

## Use of Funds and timing

**Emergency response:** \$2,500,000 in loans and \$500,000 in grants (50% loan loss reserves and 50% loan fund assets), Mar 2020-Dec 2020. For TA to navigate this period, bridge financing and lines of credit for short term capital needs.

**Recovery efforts:** Use \$8,000,000 in loans and \$2,000,000 in grants (\$500,000 in loan loss reserves and \$1,500,000 in loan fund assets), June 2020-July 2021. For operating capital and support with operation strategy to restart businesses. Anticipate a second capital crunch due to PPP's liquidity impact on major financial institutions.

**Longer term resilience:** Use \$8,000,000 in loans and \$2,000,000 in grant funds for loan fund assets, Oct 2020-Dec 2021. For expanding operations to meet pent up demand for goods & services with strategy and capital for R&D, expansions, and acquisitions.

## PRI/investors

Bank of America  
Minneapolis Foundation  
Northwest Area Foundation  
Otto Bremer Trust  
Saint Paul & Minnesota Foundation  
Wells Fargo



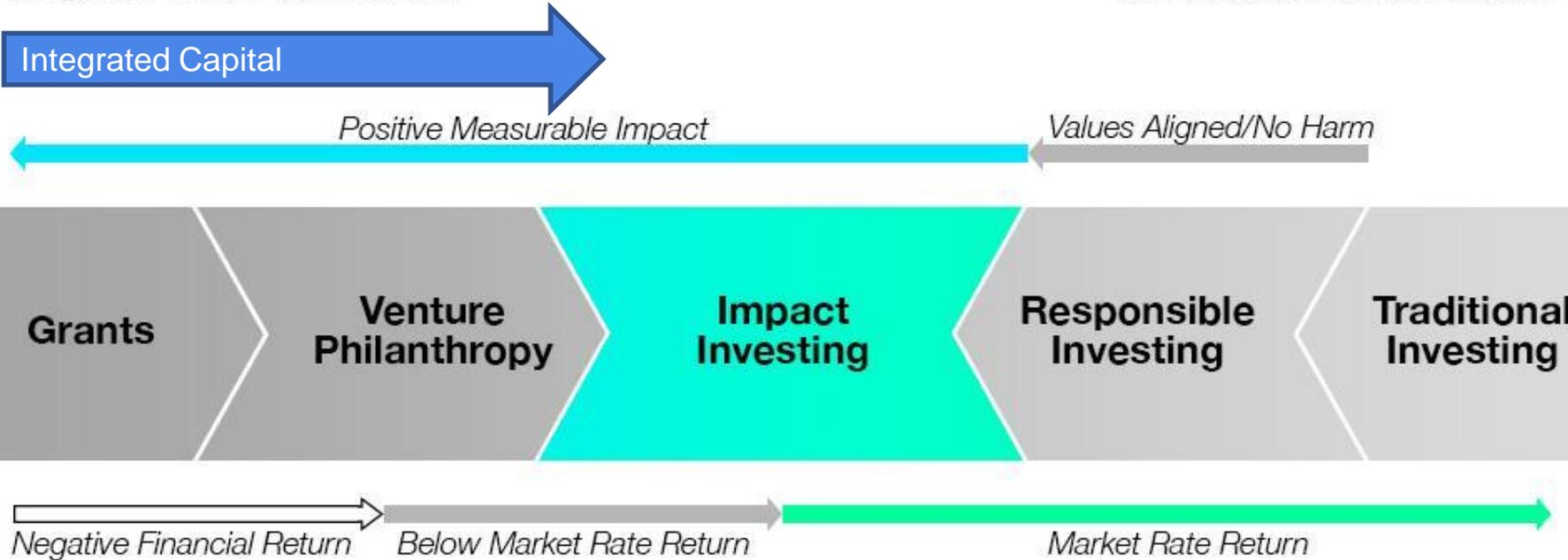
# Investing Spectrum

## Philanthropic Activities

Program Related Investments

## Investment Activities

Mission Related Investments



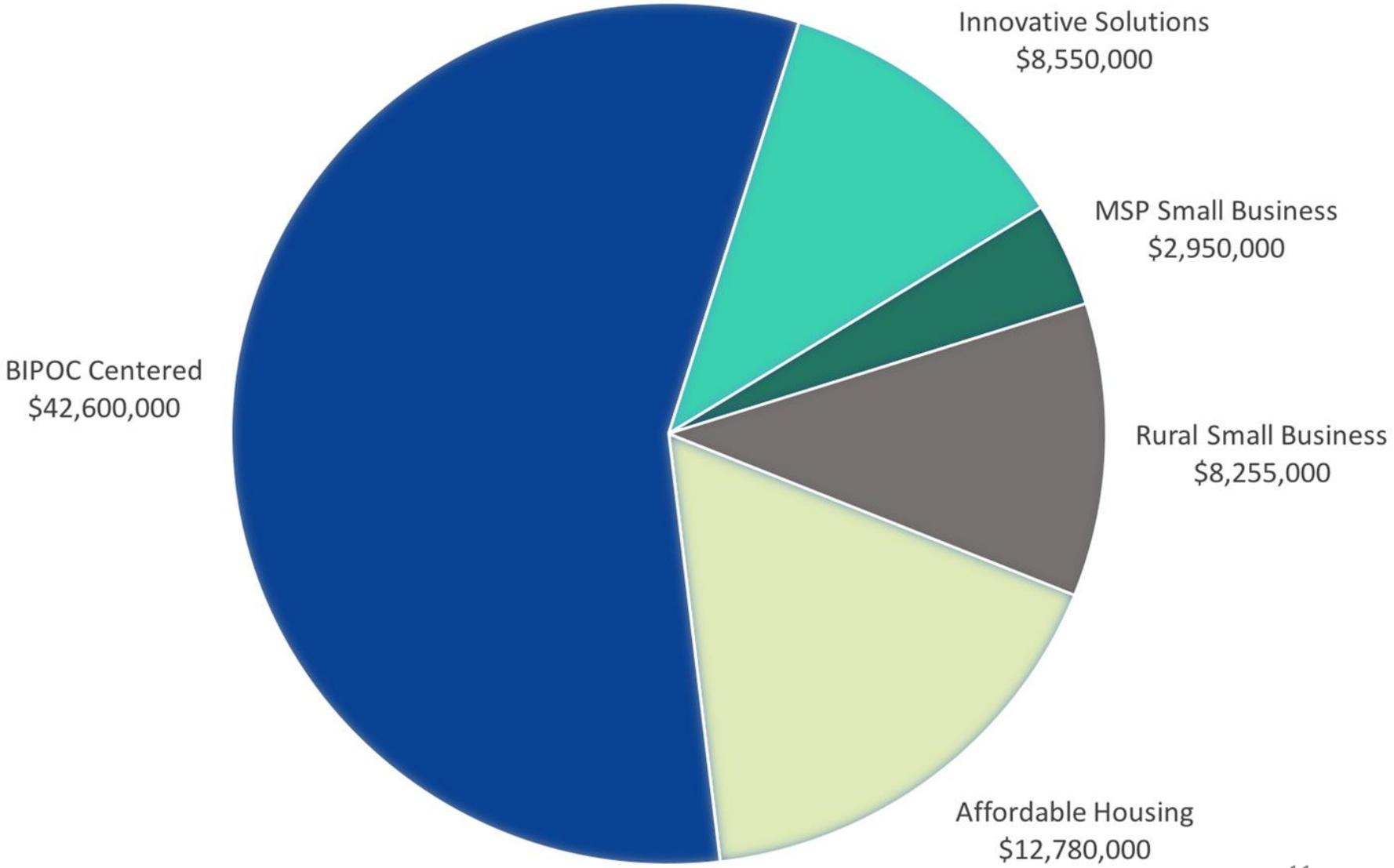
## **Integrated Capital is:**

*the coordinated use of different forms of financial capital and non-financial resources to support an enterprise that's working to solve complex social and environmental problems.*

*RSF Social Finance*

# TOTAL CAPITAL NEEDS

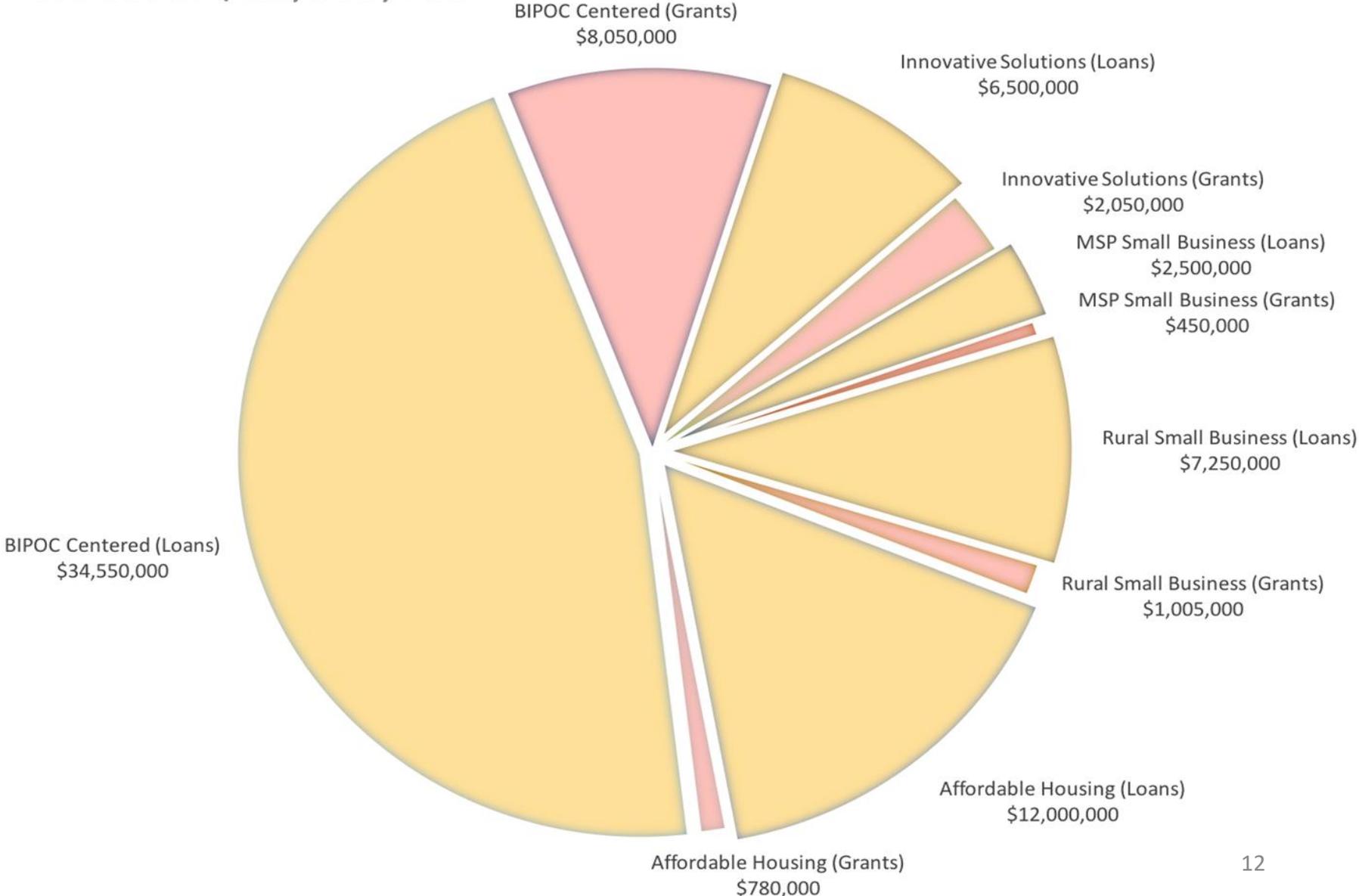
\$75,135,000

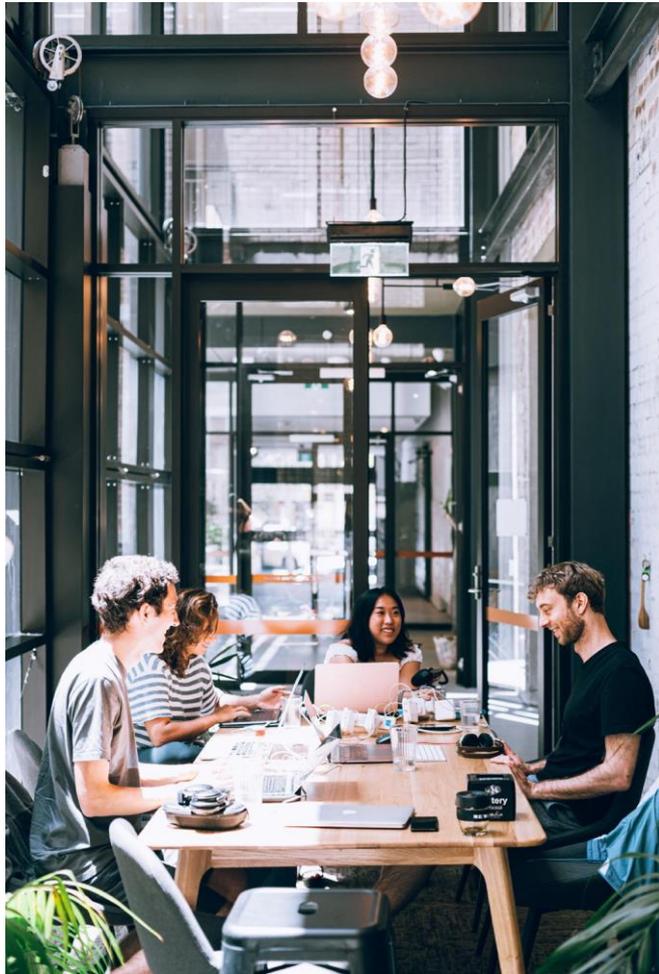


# TOTAL CAPITAL NEEDS

LOANS: \$62,800,000

GRANTS: \$12,335,000





# Next Steps

What are your next steps?

Whether you plan to invest independently, or as part of MCF's joint program, please connect with Susan Hammel, MCF's Executive in Residence for Impact Investing, to share/discuss your plans.

[shammel@mcf.org](mailto:shammel@mcf.org), 952.237.5427