



NORTHSIDE ECONOMIC OPPORTUNITY NETWORK (NEON)

c/o NRRC • 1313 Plymouth Ave. N. • Minneapolis, MN 55411 • 612-335-5924

EMPOWERMENT ZONE PROPOSAL ADDENDUM June 2007

To supplement the narrative and budget submitted originally to the Minneapolis Empowerment Zone in November 2006, we offer this updated information.

Organizational Development

For at least a decade, dating back to 1995, the Northside Residents Redevelopment Council (NRRC) and Neighborhood Development Center (NDC) have partnered to deliver entrepreneur training classes to Northside residents. During this time other Northside organizations including the West Broadway Area Coalition and others served as partners and/or hosts to these training classes. In total, about thirty people completed the classes annually and many began home-based or part-time businesses. Beginning in late 2005, discussion among several Northside organizations focused on business development needs and the desire for a catalytic change to foster new growth and development throughout the Northside. Convened initially by NorthWay Community Trust (NWCT), NRRC, NDC, WBAC, Emerge (then Pillsbury United Communities) and other partners were brought together to explore a significant expansion of the NRRC-NDC partnership. With initial seed funding from NWCT, the Northside Economic Opportunity Network (NEON) was launched in May 2006. Eight partners have signed a Memorandum of Understanding (MOU) (attached) outlining their expectations for participation as NEON partners and a fiscal agency agreement has been agreed to with NorthWay Community Trust. From a small partnership beginning more than ten years ago, NEON is now growing into a solid multi-organization collaborative that brings the strengths of each of its members to bear on our collective goals.

Key Progress Indicators to Date

- Seven entrepreneur training classes have been offered between May 2006 and June 2007. Applicants for those classes exceeded 75 individuals. All seven classes have been completed, graduating 37 students in the first four classes. The remaining three classes will hold graduations in July 2007 and are expected to graduate another 25 students. Further, demand for classes is increasing; accordingly, a summer 2007 class will be offered in partnership with Northpoint.
- Key staff positions have been created and are being filled. Grover Jones, as loan officer/technical assistance provider, has been NEON's full-time "on the ground" staff

person since July 2006. Grover serves as NEON's principle staff presence – dealing directly with students, existing business owners and other stakeholders to provide technical assistance, financial counseling, and packaging of loans in support of new and expanding businesses on the Northside. Other staff support is provided by LukeWorks, LLC, an independent contractor. As NEON grows, additional loan officer/technical assistance capacity will be needed and planning has begun now for other staff support to be shared among one or more partners in the collaborative.

- Relationships among NEON partners has been formalized and additional partners have been brought on since inception. Through regular bi-monthly partner meetings, NEON has established working relationships among eight partners – each bringing different levels of engagement, expertise, and resource to NEON's collaborative efforts. A Memorandum of Understanding is in place outlining expectations among partners. As 2007 goals are refined and pursued, additional protocols for working together are being designed and implemented.
- NEON is beginning to establish an identity among the philanthropic community and among public leaders. During the reporting period, NEON was introduced (or made complete applications for funding) to fifteen funding sources including the City of Minneapolis and the Minneapolis Empowerment Zone. Commitments for funding have been made by the McKnight Foundation and NorthWay Community Trust. In addition to this request pending approval by the City of Minneapolis, we have a request pending with the Oswald Family Foundation. Finally, funds have been reserved by LISC for future support of NEON's activities.
- NEON will establish a presence on West Broadway beginning in July 2007 with office space at 1505 West Broadway. This space is expected to be shared with WBBAC and perhaps other stakeholders with an interest in the revitalization and growth of the commercial district.

Progress Toward NEON Expected Outcomes

NEON's primary outcomes include:

- Number of entrepreneurs are trained;
- Number of businesses started; and
- Number of businesses sited on West Broadway or other Northside commercial corridors

By January 2010, NEON expects to spur the creation of at least 60 new businesses and to train over 200 new entrepreneurs. These targets reflect a 150% expansion of scale during a three-year period.

Training outcomes

To date, NEON has held seven classes; five hosted at NRRC and two at Emerge/PUC. A total of 69 students are being/were trained from an applicant pool of approximately 75. Of those trained (in the first four classes), additional detail is as follows:

- 92% of enrollees were African-American (one Asian American and two Caucasians were trained)

- At least 90% were low-income (household incomes at or below \$35,000 annually)
- 64% of enrollees were women – all of whom are African-American

Looking forward, there are currently more than 20 applicants for the next entrepreneur training class expected to begin in July 2007 at Northpoint. In addition, relationships are being explored with several other organizations including Summit Academy OIC and Hmong American Mutual Assistance Program (HAMA) for future class sites.

Business development, assistance, financing, and siting

Through June 2007, nine loans were packaged and eight approved for financing. During 3rd Quarter 2007, up to twelve loan applications are anticipated to be packaged and presented for approval. Loan funds are being provided through NDC and MCCD.

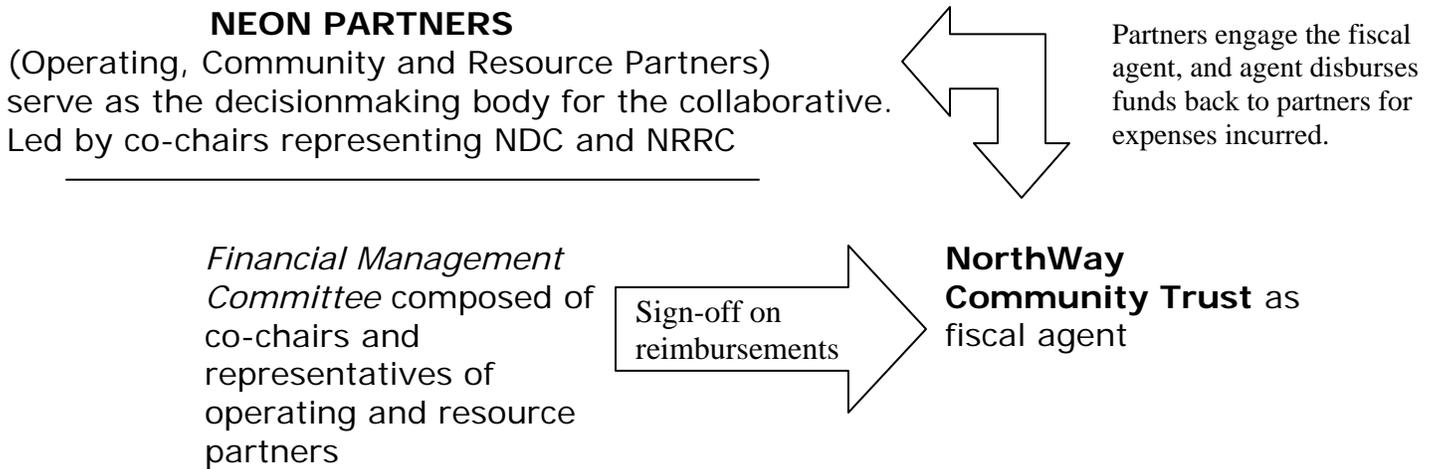
Of those trained during the reporting period, eight businesses are in start-up phase, with one looking for physical siting on the Northside and two others beginning to consider leasing options. Several others are either home-based or working out of office space at Shiloh Temple. One graduate was in business already and has stabilized his business and may expand in the coming year. The businesses range from personal services (hair and nail services; and home health assistance) to concrete masonry, catering, graphic design, massage therapy, and financial services.

Grover provided technical assistance to over one hundred businesses during the reporting period. This included business plan development, financial counseling, some physical site planning, and referrals to other partners (SCORE, MCCD, etc.). A detailed listing of TA recipients is available upon request.

An analysis of real estate needs among NEON graduates is being completed now and physical siting assistance will be provided as businesses are ready for that next step. Looking ahead, we anticipate as many as six businesses will be ready to be physically located on West Broadway or other commercial corridors by the end of 2007. Of these, at least two or three will likely be office-based businesses. NEON has relationships with existing and emerging owners/developers of appropriate office space and will consider creative leasing and financing arrangements to support the physical siting of those businesses on West Broadway and other northside corridors.

A Note on Financial Management

NEON partners have a fiscal agency agreement with NorthWay Community Trust (NWCT) (attached) in which NWCT agrees to serve as the fiscal agent to receive and disburse funds on behalf of the NEON collaborative. Decisions about disbursements are made following the budget, operating plan, and other expectations which are all outlined in written materials, and meeting summaries of partner discussions. Approvals for disbursements are approved by a fiscal committee composed of the NEON co-chairs (Mike Temali and Sherrie Pugh) and representative partners MCCD and WBBAC. As fiscal agent, NWCT assumes the risks associated with receiving and disbursing funds on behalf of the collaborative. The fiscal agency agreement outlines that funds will flow from NWCT to partners for expenses incurred, per agreement by NEON partners and subject to sign-off by the financial management committee. Per the MOU and the fiscal agency agreement, the NEON structure is as follows:



As spelled out in the MOU, the fiscal agency agreement, and other documentation of decisions, partners have developed protocols for working with each other. Through the fiscal agent agreement and NWCT's internal financial controls, NWCT will have protocols for working with the collaborative and, again, assumes the risks associated with fiscal agency on behalf of the NEON partners.

CONTACTS

For more information, please reach:

NEON Loan Officer Grover Jones at 612-335-5924 or gjones@nrrc.org; or,
NEON staff consultant Luke Weisberg at 612-377-3043 or weisberg@lukeworks.net

