

## **URBAN INITIATIVE BOARD**

### **Report to the Minnesota Legislature, 2005**

Minnesota Statutes 116M.17, subd. 4, requires the Urban Initiative Board to submit an annual report to the Legislature that details loans made and includes information on loans to minority business enterprises, gauges the impact on low-income areas, and makes recommendations concerning minority business development. The Department of Employment and Economic Development (DEED) provides administrative support to the board and the program.

### **Urban Initiative Loan Program**

The Urban Initiative Program was created in 1993 to strengthen minority enterprise development, encourage private investment, create jobs, and promote economic development in low-income areas of Minneapolis, St. Paul, and several suburbs, including Anoka, Blaine, Bloomington, Brooklyn Center, Brooklyn Park, Columbia Heights, Crystal, Fridley, Hopkins, Lauderdale, Lexington, New Hope, Osseo, Richfield, St. Anthony, St. Francis, St. Louis Park, Spring Park, South St. Paul, and West St. Paul. It does this primarily by making loans to new and expanding businesses in these cities.

Urban Initiative loans are made through a network of certified nonprofit organizations. **Appendix 1** includes a current listing. The nonprofits receive grants, which they use to make loans to qualifying businesses. In most cases, the state's funds must be matched with funds from private, non-government sources. The state may lend \$1,000 to \$150,000 to qualifying businesses. The state's funds must be matched with private funds if the business is seeking more than \$25,000. Businesses eligible for loans include technologically innovative industries, value-added manufacturing, and information industries. Micro enterprises, which generally employ fewer than five people, are also eligible for loans up to \$25,000. Micro enterprises can include retail businesses.

Individuals and businesses operating in one of targeted cities apply directly with one of the organizations noted above. The organizations carefully consider the application, the nature of the business and management, its potential for success and repayment, and its projected impact on the community. If the application is given initial approval, it is forwarded to the DEED for final consideration.

### **Lending Activity in 2005**

During fiscal year 2005, DEED received 58 loan applications from 45 businesses. A detailed listing of these projects is included in **Appendix 2**. The department reviewed and approved 53 of these applications for a total of \$893,251. The average loan was \$37,315. The state contributed an average of \$19,850 to each loan. Loans ranged from \$2,500 to \$380,000. The median amount of state funds invested was \$13,537. The loans helped to attract about \$2.24 million in additional investment. **Table 1** shows a breakdown of the state's investment by type and number of business, as well as total project costs, wages and projected job creation.

**Table 1. FY 2005 Urban Initiative Projects**

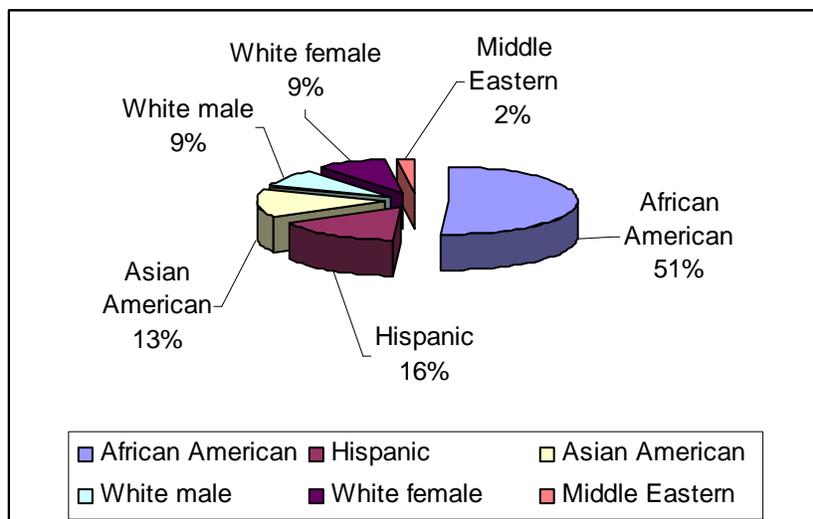
<i>Business Sector</i>	<i>No. of Projects</i>	<i>State Investment</i>	<i>Avg. Investment</i>	<i>Project Cost</i>	<i>Projected Jobs</i>	<i>Projected Wages</i>
<b>Construction</b>	3	\$37,750	\$12,583	\$74,400	4	\$16.43
<b>Manufacturing</b>	5	\$227,860	\$45,572	\$670,393	19	\$11.02
<b>Transportation</b>	4	\$99,500	\$24,875	\$122,000	4	\$9.96
<b>Wholesale</b>	2	\$79,229	\$39,614	\$304,229	2	\$13.62
<b>Retail</b>	18	\$250,537	\$13,919	\$1,005,532	49	\$7.42
<b>Real Estate</b>	2	\$37,500	\$18,750	\$417,000	6	\$11.67
<b>Service</b>	11	\$160,875	\$14,625	\$535,025	25.5	\$14.08
<b>Total</b>	45	\$893,251	\$19,850	\$3,128,579	109.5	\$10.36

The program’s investment in 2005 centered on three sectors – retail, manufacturing, and service – as has been the case historically. The retail businesses that received loans were primarily restaurants and grocery or food stores. The largest investment of state funds (\$150,000) supported the expansion of a graphics company, Digital Access. On the other hand, the smallest investment (\$2,500) was in a barber shop, Saleem Barber, located on Central Avenue in Minneapolis.

Nine projects involved what is known as “Reba free” or profit based loans. Islamic law forbids religiously observant Muslims from using any financing that involves the payment of interest. These loans were structured in a way that accommodates Muslim religious practices while ensuring repayment of principal plus a share of the business profits in lieu of interest. In the case of two projects, Urban Initiative funds were used to guaranty one year working capital loans made by a local bank.

As shown in **Figure 1**, minority business owners received 82 percent of program loans in 2005. Most of the owners (60 percent) were men while 27 percent of the businesses were owned by women. The remaining 13 percent of businesses were owned by two or more individuals.

**Figure 1. FY 2005 Business Ownership**

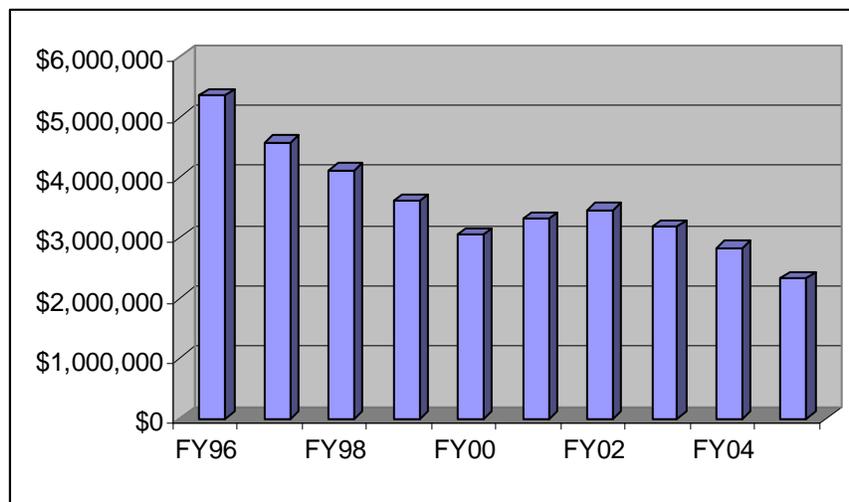


## Program Since 1995

Between January 1995 and June 30, 2005, the Urban Initiative Program has made 487 loans to 388 businesses. It has committed a total of \$9.8 million in state funds and helped generate an estimated \$49.3 million in total business investment. The average state investment per loan is \$20,370, while the median investment is \$10,000. The average total loan, including the private funds used to match the state's investment, is \$39,583. The median total loan is \$20,000.

**Financial Position.** Appendix 3 shows the program's balance sheet and cash flows for each of the last 10 years. The cash fund balance of the Urban Initiative Fund as of June 30, 2005 was \$2.33 million, of which \$1.66 million has been committed to the participating organizations. The remaining \$669,425 is available for further allocation to existing or new organizations.

**Fig. 2. Ending Cash Balance of Urban Initiative Program**



**Figure 2** shows the changes in the program's cash balances since 1996. The changes in these balances are due to three factors: 1) the state only receives the principle portion of loan payments; 2) There was a drop in the program's investment income; 3) Loans have been written off.

Since its inception, the program has received a total of \$4.64 million in principal repayments, as well as \$7,846 in interest repayments. The interest repayments are nominal because the program allows the participating organizations to retain repaid interest to cover a portion of their operating expenses. In addition, the program has received \$1.69 million in investment earnings.

**Businesses Assisted.** The program lends to wide variety of small businesses as long as the business is headquartered in an eligible low-income area. It will not, however, make loans to liquor stores, taverns or saloons, smoke shops, or adult entertainment businesses. **Table 2** below shows the distribution of the state's investment in businesses using Standard Industrial Classifications (SIC) codes.

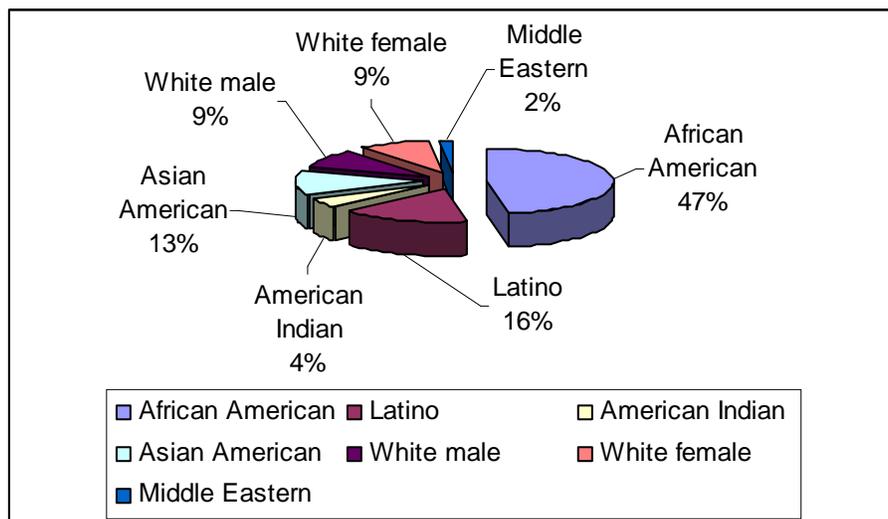
**Table 2. State Funds by Business Sector**

<i>Business Sector</i>	<i>No. of Projects</i>	<i>State Investment</i>	<i>Average State Investment</i>	<i>Total loan Amount</i>	<i>Average Loan Amount</i>	<i>Total Project Cost</i>
Agriculture	7	\$204,125	\$29,161	\$408,250.00	\$58,321	\$565,680
Construction	31	\$765,613	\$24,697	\$1,389,326	\$44,817	\$2,486,476
Manufacturing	70	\$2,228,896	\$31,841	\$4,496,364	\$64,234	\$15,958,490
Transportation	31	\$813,502	\$26,242	\$1,426,943	\$46,030	\$1,643,268
Wholesale	24	\$735,576	\$30,649	\$1,607,129	\$66,964	\$2,038,129
Retail	163	\$1,744,874	\$10,705	\$2,995,626	\$18,378	\$14,491,310
FIRE	12	\$229,850	\$19,154	\$609,100	\$50,758	\$1,621,350
Service	149	\$3,096,332	\$20,781	\$6,107,081	\$40,987	\$10,497,680
<b>Total</b>	<b>487</b>	<b>\$9,818,768</b>	<b>\$20,162</b>	<b>\$19,039,819</b>	<b>\$39,096</b>	<b>\$49,302,382</b>

Businesses in the service and retail sectors lead the pack in terms of the number of loans made, while businesses in the agricultural and financial services sectors have the fewest. On the other hand, businesses in the service and manufacturing sectors received the largest total amount of state investment. It is interesting to note that retail businesses received 18 percent of the state funds, but 34 percent of the total number of the projects. This is largely because the statutes limit the amount of state funds that may be invested in retail businesses to \$25,000.

**Ownership.** The Urban Initiative Program is intended to support the development of non-traditional entrepreneurs, especially minorities and women. The ownership of the businesses that have received loans through the program reflects that focus. As of June 30, 2005, 83 percent of all Urban Initiative loans were made to people of color. African-Americans received a total of 226 loans, followed by Latinos (78) and Asian-Americans (61). White men received 41 loans. **Figure 3** below provides a percentage breakdown.

**Figure 3. Percent of Loans by Racial Group**



In terms of gender, 275 loans (58 percent) have been made businesses owned by men, while businesses owned by women received 121 loans (29 percent). Businesses owned by two or more

individuals, generally a married couple or family, have received 63 loans. Start-up businesses, i.e., those operating less than one year, have received a total of 198 loans (41 percent). Existing businesses received 222 loans (46 percent). Existing businesses have received substantially more in terms of loan funds – fully 62 percent of the state’s funds, or \$6.15 million. Start-up businesses have received 25 percent, or \$2.43 million. Sixty loans have been made to existing businesses to help them cope with unexpected setbacks that might otherwise cause them to close down or move operations.

**Employment.** The Urban Initiative Program is also intended to support the creation of job opportunities in its targeted cities. **Table 3** below shows the total number of jobs created with the support of the program, excluding the owners of the businesses.

**Table 3. Jobs Created by Industry Sector**

<i>Business Sector</i>	<i>No. of Loans</i>	<i>State \$ Invested</i>	<i>Projected Jobs</i>	<i>Projected Avg. Wage</i>	<i>Actual Jobs</i>	<i>Actual Avg. Wage</i>	<i>State \$ per Job</i>
<i>Agriculture</i>	2	\$97,500	18	\$10.91	12	\$12.20	\$8,125.00
<i>Construction</i>	9	\$421,826	31	\$18.38	48	\$24.76	\$8,788.04
<i>Manufacturing</i>	13	\$781,850	114.5	\$10.72	103.5	\$12.85	\$7,554.11
<i>Transportation</i>	8	\$264,960	21	\$11.04	18	\$9.99	\$14,720.00
<i>Wholesale</i>	6	\$261,250	15	\$16.78	18	\$17.53	\$14,513.89
<i>Retail</i>	44	\$754,537	167	\$8.89	184.5	\$9.82	\$4,089.63
<i>FIRE</i>	3	\$70,100	9	\$10.48	1	\$10.00	\$70,100.00
<i>Service</i>	21	\$652,250	96.5	\$13.06	50.5	\$18.91	\$12,915.84
<b>Total/Average</b>	106	\$3,304,273	472	\$11.26	435.5	\$13.33	\$7,587.31

The loans reported in Table 3 above represent a total of 96 businesses that are operating and repaying Urban Initiative loans at the time of this report. The job information does not include loans to businesses that have repaid loans or businesses that have closed and/or defaulted on loans. Once a business repays a loan, it is no longer asked to report its performance to DEED.

Overall, the average actual wages paid by these companies was \$13.33 per hour. As of June 2005, the reporting businesses had created 436 jobs, or one job for every \$7,587 of state funds invested. When the businesses applied for loans, they projected creating 472 jobs and paying an average of \$11.26 per hour. Each loan created an average of 4.2 jobs, while the median number of jobs created was two.

Four business sectors – retail, manufacturing, service, and construction – created the vast majority of jobs. Ion Electronics, an electronic parts manufacturer located in Hopkins, was the largest single employer, having created 36 jobs that paid an average of \$14.30. In addition, Elliott Contracting reported creating 28 jobs. A total of 20 companies reported they had not created any jobs as of the end of June, although at the time they applied for a loan they had projected creating a total of 50 jobs. In addition, 21 businesses had anticipated that they would create no new jobs when they applied for an Urban Initiative loan.

**Repayment.** Since the inception of the program, a total of 195 loans have been repaid for a total of \$3,310,061, or 34 percent of the total state funds lent. During the same period, a total of 133 loans made to 109 businesses have been written off for a total of \$1,923,987. The average amount lost for each loan written off was \$14,466. **Table 4** below provides a simple breakdown

of the loans written off as of June 30. As you can see, losses from loans made to businesses in the service sector were the largest. Losses from this sector were more than double from loans to manufacturers.

**Table 4. Loans Written off**

<b>Business Sector</b>	<b>\$ Investment</b>	<b>No. Written Off</b>	<b>Amt. Written Off</b>	<b>% Lost</b>
Agriculture	\$204,125	2	\$1,714	0.8%
Construction	\$765,613	10	\$48,650	6.4%
Mfg	\$2,228,869	22	\$409,996	18.4%
Transportation	\$813,502	7	\$105,737	13.0%
Wholesale	\$735,576	6	\$110,501	15.0%
Retail	\$1,744,874	32	\$212,074	12.2%
FIRE	\$229,850	0	\$0	0.0%
Service	\$3,096,332	54	\$1,035,315	33.4%
<b>Total</b>	<b>\$9,818,741</b>	<b>133</b>	<b>\$1,923,987</b>	<b>19.6%</b>

The total written off as of June 30, 2005 represents a substantial increase over previous years. Part of this increase stems from formally writing off 18 loans made by the Frogtown Action Alliance. As reported previously, the FAA experienced significant financial problems in 1999 and subsequently closed its offices. The loans FAA made with Urban Initiative funds became part of the bankruptcy proceeding and have since been handled by the Chapter 7 trustee. DEED does not expect any proceeds from the trustee. Accordingly, we have written these loans off.

It should be noted that 20 loans made to nine businesses make up 52 percent of the total amount lost, or \$995,188. If these loans were removed from the portfolio, the percentage of funds lost would drop to 9.5 percent. The bankruptcy of Frogtown Action Alliance and the failure of the nine businesses noted here are responsible for most of the losses incurred by the program. If these loans are removed from the portfolio, only 7.3 percent of the state's investment would have been lost.

Generally, businesses have failed for the same reasons that most others have - a lack of market demand, competition from other businesses, and missteps by management, particularly involving the financial management of the business. In a number of cases, personal events contributed to the closures, including the death of two entrepreneurs, and severe illness in the case of three others.

These losses should not be altogether surprising in light of the businesses that the program supports. Most of the entrepreneurs participating in the program have very limited experience in operating a business. Many are undercapitalized and have very small margins for error if problems occur.

## **Program Administration**

**Index of Program Activities.** Starting in 2002, DEED developed an index of program activities based on 10 measures of organization and business performance. These measures were developed using stakeholder and board input and include: job creation, business survival, communities served, business profitability, state funds charged off, technical assistance provided,

state funds used to create jobs, business repayments, the rate of funds disbursed, and average wages paid.

The board also established goals or benchmarks for each of these measures that reflect an acceptable level of achievement for the program.

The measures were then combined into one index score for the program as a whole and each organization. Visually this enables scores to be entered on a scatter chart so one can more easily see how loans and activities of one organization compare with the program's overall objectives. The organizations' and program's overall scores are shown in **Appendix 4**.

A word of caution: Don't compare the activities of one organization with those of another. If comparisons are necessary they should be between the organization and the program's benchmarks.

The information DEED collects reflects the performance of **both** the organizations participating in the program (e.g., minority communities served, technical assistance provided, state funds charged off, rate of funds disbursed), and the businesses receiving the loans (e.g., job creation, business profitability, wages paid, and business survival). Because the performance of organizations and businesses are intertwined and each organization has a different mission, expertise, geographic area, and customer base, comparing one with another can be unfair and misleading.

The department does anticipate that the Anoka County Economic Development Partnership will be ending its participation in the Urban Initiative Program. The ACEDP has changed its program focus and will be "...the primary facilitator of economic development activity in Anoka County". The ACEDP will provide communications, contacts, resources, legislative support and business retention services. The ACEDP made its last Urban Initiative loan in 2003. This change in direction has obviously had an impact on its portfolio, and accordingly we have dropped ACEDP from the ratings in **Appendix 4**. We are soliciting a new organization to replace the ACEDP as a service provider primarily for the cities in Anoka County.

In addition, the Minneapolis Entrepreneurs Fund has also narrowed its focus of operations and is now only providing services to other nonprofits in the Twin Cities. The organization has renamed itself the Nonprofits Assistance Fund to emphasize this change. Accordingly, it will not be making loans to for profit businesses in the future and as a result we expect that the Fund will end its participation in the Urban Initiative Program.

## **Summary**

The board and the DEED will continue to monitor this program. We welcome any comments or suggestions to increase its effectiveness. For more information on this report or the Urban Initiative Program, please call Bart Bevins at 651-297-1170.

**Appendix 1**  
**Urban Initiative Program Certified Partners**  
June 2005

***Anoka County Econ. Dev. Partnership***

Lori Wawers  
Suite 300  
199 Coon Rapids Blvd.  
Coon Rapids MN 55433  
763/786-0869

***American Indian Economic Development Fund***

David Glass  
831 Como Avenue  
St. Paul, MN 55103  
651/917-0819

***Community Loan Technologies***

Kate Barr  
Suite 210  
2801 21<sup>st</sup> Avenue South  
Minneapolis, MN 55407  
612/278-7180

***Metropolitan Econ. Development Assoc.***

George Jacobson  
Suite 106  
250 South Second Ave.  
Minneapolis MN 55401  
612/332-6332

***Milestone Growth Fund***

Judy Romlin  
Suite 1032  
401 Second Ave. S.  
Minneapolis MN 55401  
612/338-0090

***Minneapolis Consortium of Community Developers***

David Chapman  
3137 Chicago Ave. S.  
Minneapolis MN 55407  
612/789-7337

***Neighborhood Development Center***

Mara O'Neill  
651 1/2 University Avenue  
St. Paul MN 55104  
651/291-2480

***Riverview Economic Development Assn.***

Christopher Romano  
176 Concord Street  
St. Paul MN 55107  
651/222-3727

***SPARC***

Sai Thao  
843 Rice Street  
St. Paul MN 55117  
651/488-1039

***Women Venture***

Heidi Pliam  
2324 University Ave.  
St. Paul MN 55104  
651/251-0672

Appendix 2

Project Name	State Amount	Total Loan	Total Project	Location	SIC Code	Race *	Gender **	Start ***	No./Jobs Projected	Wages Projected	Total Wages	Project Number	Organization
Habil Transportation, LLC	\$24,500.00	\$24,500.00	\$30,000.00	Minneapolis	4213	1	1	1	1	\$11.55	11.55	UICG-05-0018-a-FY05	ADC/MCCD
Hikma Transportation, LLC	\$25,000.00	\$25,000.00	\$31,000.00	Minneapolis	4213	1	1	1	1	\$9.23	9.23	UICG-05-0019-a-FY05	ADC/MCCD
Ilmi Transportation, LLC	\$25,000.00	\$25,000.00	\$31,000.00	Minneapolis	4213	1	1	1	1	\$9.25	9.25	UICG-05-0024-a-FY05	ADC/MCCD
J.D.A. Transportation, Inc.	\$25,000.00	\$25,000.00	\$30,000.00	S. St. Paul	4213	1	1	1	1	\$9.80	9.80	UICG-05-0011-a-FY05	ADC/MCCD
Afrik Grocery Store	\$25,000.00	\$25,000.00	\$57,000.00	Minneapolis	5411	1	1	2	2.5		0	UICG-05-0025-a-FY05	ADC/MCCD
Glenwood Halal Market, Inc.	\$12,000.00	\$12,000.00	\$20,000.00	Minneapolis	5411	1	1	3	na	na		UICG-05-0026-a-FY05	ADC/MCCD
Al-Najax Store	\$12,000.00	\$12,000.00	\$16,000.00	Minneapolis	5621	1	2	1	na	na		UICG-05-0017-a-FY05	ADC/MCCD
Ubah Beauty Store, LLC	\$20,000.00	\$20,000.00	\$25,000.00	Minneapolis	5621	1	2	1	na	na		UICG-05-0016-a-FY05	ADC/MCCD
Trilite Stone Company	\$22,860.00	\$45,720.00	\$45,720.00	Columbia Heights	3272	5	1	3	na	na		UICG-04-0047-a-FY05	MCCD
Richard White Lending	\$12,500.00	\$25,000.00	\$25,000.00	Minneapolis	6163	1	1	1	1	\$15.00	15	UICG-05-0020-a-FY05	MCCD
Saleem Barber	\$2,500.00	\$2,500.00	\$5,000.00	Minneapolis	7231	1	1	3	na	na		UICG-05-0022-a-FY05	MCCD
Vintage Touch Barber Salon	\$14,725.00	\$28,725.00	\$36,625.00	Minneapolis	7231	1	1	1	na	na		UICG-05-0009-a-FY05	MCCD
A Sign & Screen Company	\$29,250.00	\$58,500.00	\$65,000.00	Minneapolis	7389	4	3	3	na	na		UICG-05-0023-a-FY05	MCCD
Mind Body Fitness, LLC	\$15,000.00	\$15,000.00	\$50,000.00	Minneapolis	7991	5	2	2	na	na		UICG-05-0005-a-FY05	MCCD
Minnesota Professional Health Services	\$9,500.00	\$9,500.00	\$9,500.00	Minneapolis	8082	6	1	2	3	\$9.00	27	UICG-05-0010-a-FY05	MCCD
Innovative Chemical Corporation	\$12,500.00	\$25,000.00	\$50,000.00	St. Paul	2841	4	1	2	1	\$9.00	9	UICG-04-0028-a-FY05	MEDA
TLC Precision Wafer Technology	\$30,000.00			Minneapolis	3674	1	1	3	10	\$9.00	90	UICG-05-0006-a-FY05	MEDA
S. Bui, Inc.	\$19,250.00	\$38,500.00	\$77,000.00	St. Paul	5812	4	3	1	12	\$7.50	90	UICG-05-0007-a-FY05	MEDA
Digital Access	\$150,000.00	\$380,000.00	\$380,000.00	Minneapolis	2759	4	1	2	4	\$17.60	70.4	UICG-05-0001-a-FY05	MGF
Armor Security	\$75,000.00	\$300,000.00	\$300,000.00	Minneapolis	5063	2	2	2	2	\$13.62	27.24	UICG-05-0014-a-FY05	MGF
EMPO Corporation	\$53,000.00	\$150,000.00	\$300,000.00	Minneapolis	7363	1	1	3	17	\$14.35	243.95	UICG-04-0033-a-FY05	MGF
RNR Home Improvement	\$7,750.00	\$15,500.00	\$24,400.00	St. Paul	1522	2	3	2	1	\$12.00	12	UICG-04-0023-a-FY05	NDC
La Fortaleza, LLC	\$11,250.00	\$22,500.00	\$127,500.00	Minneapolis	5411	2	1	1	3.5	\$8.00	28	UICG-05-0008-a-FY05	NDC
Salama Halal Meats	\$12,500.00	\$12,500.00	\$31,000.00	Minneapolis	5411	1	1	2	2	7	14	UICG-04-0031-a-FY05	NDC
VAS Market	\$7,000.00	\$7,000.00	\$7,000.00	St. Paul	5411	1	1	3	na	na		UICG-05-0015-a-FY05	NDC
Al-Saadaa Boutique	\$4,000.00	\$4,000.00	\$11,000.00	Minneapolis	5651	1	2	1	na	na		UICG-04-0030-a-FY05	NDC
The Clearance Rack, LLC	\$5,000.00	\$10,000.00	\$22,000.00	Minneapolis	5651	4	2	1	na	na		UICG-04-0040-a-FY05	NDC
Lula's Coffee and Jaz	\$4,000.00	\$8,000.00	\$8,000.00	Minneapolis	5812	1	1	1	1	\$8.00	8	UICG-05-0021-a-FY05	NDC
Mi Pueblito	\$17,500.00	\$17,500.00	\$42,500.00	St. Paul	5812	2	3	2	2	\$6.50	13	UICG-04-0044-a-FY05	NDC
Southern Cookin', LLC	\$12,500.00	\$12,500.00	\$41,000.00	St. Paul	5812	1	2	1	2	\$9.00	18	UICG-04-0024-a-FY05	NDC
Taqueria Los Ocampo	\$20,000.00	\$65,000.00	\$85,000.00	St. Paul	5812	2	3	1	5	\$7.00	35	UICG-04-0022-a-FY05	NDC
Jacqueline's Longarm Quilting	\$5,750.00	\$11,500.00	\$33,000.00	St. Paul	7219	1	2	1	na	na		UICG-05-0004-a-FY05	NDC
3-D Temps	\$5,500.00	\$5,500.00	\$5,500.00	St. Paul	7363	5	2	2	4	\$19.00	76	UICG-04-0045-a-FY05	NDC
Safari Auto Services	\$8,250.00	\$8,250.00	\$24,500.00	Minneapolis	7538	1	1	2	1.5	\$8.00	12	UICG-04-0041-a-FY05	NDC
Brodini Comedy Magic Show	\$5,900.00	\$5,900.00	\$5,900.00	St. Paul	7929	5	1	3	na	na		UICG-04-0038-a-FY05	NDC
Espresso Arts	\$20,000.00	\$20,000.00	\$186,000.00	St. Paul	5812	5	2	1	10	\$7.75	77.5	UICG-04-0046-a-FY05	REDA
Mi Tierra Restaurant	\$20,000.00	\$20,000.00	\$90,000.00	St. Paul	5812	2	1	3	4	\$8.50	34	UICG-04-0039-a-FY05	REDA
Nice, LLC	\$12,500.00	\$25,000.00	\$194,673.00	St. Paul	2038	1	1	2	4	\$10.00	40	UICG-05-0002-a-FY05	SPARC
Kendall's Ace Hardware	\$13,537.00	\$13,537.00	\$50,287.00	St. Paul	5251	5	1	2	2	\$8.00	16	UICG-04-0042-a-FY05	SPARC
First Advantage Group	\$25,000.00	\$50,000.00	\$392,000.00	St. Paul	6512	4	1	2	5	\$11.00	55	UICG-05-0012-a-FY05	SPARC
RNR Home Improvement	\$5,000.00	\$5,000.00		St. Paul	1522	2	3	2	na			UICG-04-0025-a-FY05	WV
Banks Electric	\$25,000.00	\$25,000.00	\$50,000.00	St. Paul	1731	1	1	2	3	\$17.90	53.7	UICG-04-0029-a-FY05	WV
Girl Babies, Inc.	\$4,228.75	\$4,228.75	\$4,228.75	St. Paul	5199	5	2	2	na	na		UICG-04-0032-a-FY05	WV
Heimie's Mens Wear	\$15,000.00	\$15,000.00	\$109,245.00	St. Paul	5611	5	1	1	3	\$10.00	30	UICG-04-0036-a-FY05	WV
Jacqueline's Longarm Quilting	\$11,500.00	\$11,500.00		St. Paul	7219	1	2	1	na	na		UICG-05-0003-a-FY05	WV
	\$19,850.02	\$37,315.02											
	\$13,537.00												
	45	\$893,250.75	\$1,641,860.75	\$3,128,578.75					109.5	\$10.36	1134.62		

Project Name	State Amount	Total Loan	Total Project	Location	SIC Code	Race *	Gender **	Start/Expand ***	No./Jobs Projected	Wages Projected	Project Number	Organization
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8-Jul-05

Race: 1=African American; 2=Hispanic;  
3=American Indian; 4=Asian American;  
5=European American; 6=Middle Eastern  
Gender: 1=male;2=female;3=multiple  
Start=1; Expand=2; Retain=3

BS=business sold  
BC=business closed  
wo= written off

**Appendix 3. Urban Initiative Loan Fund**

<b>Balance Sheet</b>	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	Total
<b>Assets</b>											
Cash	\$5,355,557.79	\$4,583,071.15	\$4,120,831.54	\$3,602,793.17	\$3,059,121.36	\$3,323,293.72	\$3,464,115.44	\$3,178,792.12	\$2,834,469.80	\$2,325,115.17	
Loans Receivable	\$893,129.08	\$1,958,760.60	\$2,543,853.30	\$3,248,131.45	\$3,943,509.46	\$3,833,768.70	\$3,480,855.04	\$3,794,773.78	\$3,686,887.33	\$3,888,397.06	
<b>Total Assets</b>	<b>\$6,248,686.87</b>	<b>\$6,541,831.75</b>	<b>\$6,664,684.84</b>	<b>\$6,850,924.62</b>	<b>\$7,002,630.82</b>	<b>\$7,157,062.42</b>	<b>\$6,944,970.48</b>	<b>\$6,973,565.90</b>	<b>\$6,521,357.13</b>	<b>\$6,213,512.23</b>	
<b>Total Liabilities</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
<b>Fund Balance</b>											
Reserved for Encumbrances	\$5,078,511.27	\$4,583,071.15	\$3,803,306.55	\$2,549,061.22	\$2,167,771.43	\$1,962,277.49	\$1,829,346.49	\$2,384,986.13	\$1,580,292.60	\$1,655,609.63	
Unreserved Retained Earnings	\$1,170,175.60	\$1,958,760.60	\$2,861,378.29	\$4,301,863.40	\$4,834,859.39	\$5,194,784.93	\$5,115,623.99	\$4,588,579.77	\$4,941,064.53	\$4,557,821.60	
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$6,248,686.87</b>	<b>\$6,541,831.75</b>	<b>\$6,664,684.84</b>	<b>\$6,850,924.62</b>	<b>\$7,002,630.82</b>	<b>\$7,157,062.42</b>	<b>\$6,944,970.48</b>	<b>\$6,973,565.90</b>	<b>\$6,521,357.13</b>	<b>\$6,213,512.23</b>	
<b>Statement of Cash Flows</b>											
Loan Repayments:											
Interest	\$2,038.02			\$1,504.95	-\$188.48	\$2,892.02	\$935.04	\$77.31	\$561.52	\$25.47	\$7,845.85
Principle	\$2,422.42	\$251,130.63	\$267,507.30	\$387,754.21	\$532,548.49	\$858,004.92	\$673,452.57	\$491,048.19	\$635,909.03	\$535,654.91	\$4,635,432.67
Investment Interest	\$271,086.08	\$349,790.23	\$179,612.13	\$216,416.86	\$192,574.30	\$188,499.32	\$127,030.03	\$83,036.26	\$35,090.66	\$54,867.13	\$1,698,003.00
<b>Operating Cash Inflows</b>	<b>\$275,546.52</b>	<b>\$600,920.86</b>	<b>\$447,119.43</b>	<b>\$605,676.02</b>	<b>\$724,934.31</b>	<b>\$1,049,396.26</b>	<b>\$801,417.64</b>	<b>\$574,161.76</b>	<b>\$671,561.21</b>	<b>\$590,547.51</b>	<b>\$6,341,281.52</b>
Loans Issued	-\$760,551.50	-\$1,316,762.15	-\$852,600.00	-\$1,092,032.36	-\$1,227,926.50	-\$766,750.00	-\$621,131.00	-\$844,360.36	-\$1,004,693.53	-\$1,094,601.97	-\$9,716,409.37
Grants	-\$24,437.23	-\$56,645.35	-\$56,759.04	-\$31,682.03	-\$40,679.62	-\$18,473.90	-\$39,464.92	-\$15,124.72	-\$11,190.00	-\$5,300.17	-\$299,756.98
<b>Operating Cash Outflows</b>	<b>-\$784,988.73</b>	<b>-\$1,373,407.50</b>	<b>-\$909,359.04</b>	<b>-\$1,123,714.39</b>	<b>-\$1,268,606.12</b>	<b>-\$785,223.90</b>	<b>-\$660,595.92</b>	<b>-\$859,485.08</b>	<b>-\$1,015,883.53</b>	<b>-\$1,099,902.14</b>	<b>-\$10,016,166.35</b>
<b>Net Operating Cash Flows</b>	<b>-\$509,442.21</b>	<b>-\$772,486.64</b>	<b>-\$462,239.61</b>	<b>-\$518,038.37</b>	<b>-\$543,671.81</b>	<b>\$264,172.36</b>	<b>\$140,821.72</b>	<b>-\$285,323.32</b>	<b>-\$344,322.32</b>	<b>-\$509,354.63</b>	<b>-\$3,674,884.83</b>
Beginning Cash Balance	\$5,865,000.00	\$5,355,557.79	\$4,583,071.15	\$4,120,831.54	\$3,602,793.17	\$3,059,121.36	\$3,323,293.72	\$3,464,115.44	\$3,178,792.12	\$2,834,496.80	
<b>Ending Cash Balance</b>	<b>\$5,355,557.79</b>	<b>\$4,583,071.15</b>	<b>\$4,120,831.54</b>	<b>\$3,602,793.17</b>	<b>\$3,059,121.36</b>	<b>\$3,323,293.72</b>	<b>\$3,464,115.44</b>	<b>\$3,178,792.12</b>	<b>\$2,834,469.80</b>	<b>\$2,325,115.17</b>	<b>\$2,325,115.17</b>



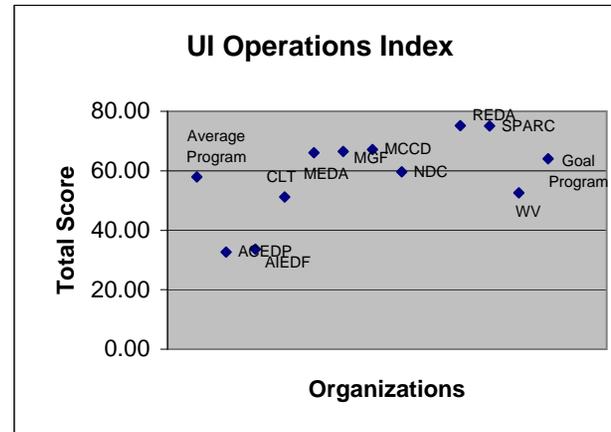
Appendix 4

UI Program Index

	Program Average	ACEDP	AIEDF	CLT	MEDA	MGF	MCCD	NDC	PCDC	REDA	SPARC	WV	Program Goal	
10.7	1 % of Target Jobs	28.7%	NR	105.7%	102.3%	81.5%	111.6%	131.7%		66.7%	151.9%	110.3%	100.0%	
10.7	2 Bus. Survival/3 yrs.	42.9%	100.0%	55.0%	60.0%	77.0%	96.0%	38.0%		70.0%	85.0%	75.0%	60.0%	
10.6	3 % Community Served	14.3%	100.0%	77.3%	100.0%	95.0%	58.5%	91.8%		83.3%	57.9%	46.0%	85.0%	
10.1	4 Bus. Profitability	0.0%	NR	50.0%	40.0%	87.0%	88.0%	41.0%		100.0%	85.0%	63.0%	60.0%	
10	5 Loan Loss	24.6%	0.0%	22.7%	15.5%	15.5%	6.3%	19.4%		4.8%	0.8%	6.9%	10.0%	
9.93	6 TA Provided	11.1%	NR	27.8%	45.0%	0.0%	15.0%	49.0%		29.0%	26.0%	50.0%	50.0%	
	7a State Invest/job	\$29,062.00	NR	\$4,805.92	\$4,519.37	\$16,562.50	\$4,893.67	\$8,406.27		\$14,631.00	\$4,113.82	\$10,718.80	\$5,000.00	\$102,713.35
9.59	7b % State Investment	28.3%	#VALUE!	4.7%	4.4%	16.1%	4.8%	8.2%		14.2%	4.0%	10.4%	#VALUE!	
9.59	8 Repayment	NR	NR	?	97.5%	97.0%	79.0%	50.7%		100.0%	97.0%	69.0%	70.0%	
9.5	9 Funds Disbursed	8.7%	13.0%	8.8%	7.7%	10.3%	8.6%	8.7%		3.9%	7.6%	5.5%	20.0%	
	10a Wages Paid	\$17.71	NR	\$9.94	\$11.95	\$14.13	\$11.28	\$9.86		\$22.00	\$13.42	?	\$10.50	
9.25	10b % of Target Wages	168.7%	#VALUE!	94.7%	113.8%	134.6%	107.4%	93.9%		209.5%	127.8%	#VALUE!	100.0%	
	<b>Index Score</b>	<b>57.97</b>	<b>32.67</b>	<b>33.58</b>	<b>51.16</b>	<b>66.12</b>	<b>66.56</b>	<b>67.13</b>	<b>59.66</b>	<b>75.13</b>	<b>75.11</b>	<b>52.58</b>	<b>64.09</b>	
	<b>Loans</b>	<b>16</b>	<b>3</b>	<b>44</b>	<b>60</b>	<b>21</b>	<b>41</b>	<b>151</b>		<b>12</b>	<b>20</b>	<b>13</b>		

	Program Average	ACEDP	AIEDF	CLT	MEDA	MGF	MCCD	NDC	PCDC	REDA	SPARC	WV	Program Goal
<b>Index Score</b>	<b>57.97</b>	<b>32.67</b>	<b>33.58</b>	<b>51.16</b>	<b>66.12</b>	<b>66.56</b>	<b>67.13</b>	<b>59.66</b>		<b>75.13</b>	<b>75.11</b>	<b>52.58</b>	<b>64.09</b>

- 1=actual jobs reported/number of jobs projected
- 2= as reported by organization
- 3=number of minority business owners/total number of business owners
- 4= as reported by organization
- 5=loan amount written off/total amount of state funds lent
- 6=as reported; amount of TA expenditures/total administrative expenditures
- 7a=total state investment (less loans paid off)/actual jobs reported
- 7b=state invest/job vs total of state investment/job
- 8=as reported; amount paid to state/amount due+amount past due
- 9=state funds disbursed/amount allotted on an annual basis
- 10a=average wage determined for each organization
- 10b=actual wages paid/target wages

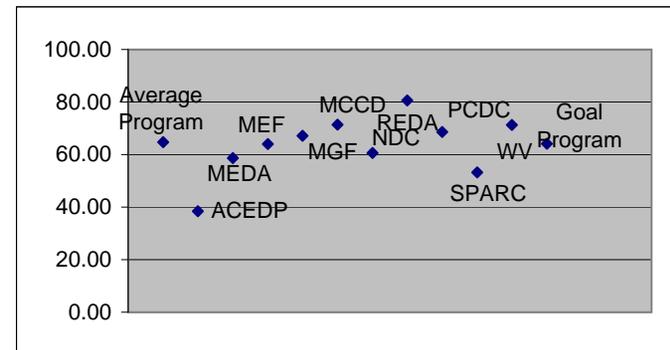


### UI Program Index

	Program Average	ACEDP	CLT	MEDA	MGF	MCCD	NDC	REDA	PCDC	SPARC	WV	Program Goal
1 % of Target Jobs		24.3%	138.1%	103.7%	130.2%	187.0%	164.1%	140.0%	123.1%	58.0%	106.3%	100.0%
2 Bus. Survival/3 yrs.		50.0%	80.0%	78.0%	89.0%	89.0%	46.0%	80.0%	92.0%	92.0%	100.0%	60.0%
3 % Community Served		8.3%	77.3%	100.0%	95.0%	61.0%	91.0%	83.3%	100.0%	58.0%	55.6%	85.0%
4 Bus. Profitability			50.0%	41.0%	10.0%	73.0%	15.0%	100.0%	14.0%		63.0%	60.0%
5 Loan Loss		33.4%	8.0%	14.6%	8.5%	7.4%	20.7%	4.8%	7.8%	0.8%	11.7%	10.0%
6 TA Provided		47.1%	10.0%	25.7%	0.0%	15.0%	51.9%	30.4%	90.0%		86.6%	50.0%
7a State Invest/job		\$18,600.00	\$15,500.55	\$3,699.44	\$8,643.29	\$2,013.00	\$6,723.39	\$7,751.71	\$7,337.50	\$9,106.00	\$12,312.50	\$5,000.00
7b % State Investment		20.3%	16.9%	4.0%	9.4%	2.2%	7.3%	8.5%	8.0%	9.9%	13.4%	10.0%
8 Repayment		5.7%	36.0%	70.7%	93.0%	64.0%	49.0%	100.0%	35.0%	90.0%	100.0%	70.0%
9 Funds Disbursed		9.7%	9.7%	8.8%	10.0%	6.5%	8.4%	4.4%	9.6%	7.3%	8.4%	20.0%
10a Wages Paid		\$20.17	\$9.20	\$11.83	\$15.24	\$11.00	\$9.18	\$17.43	\$12.28	\$13.27	\$10.59	\$10.50
10b % of Target Wages		192.1%	87.6%	112.7%	145.1%	104.8%	87.4%	166.0%	117.0%	126.4%	100.9%	100.0%
<b>Index Score</b>	<b>64.70</b>	<b>38.47</b>	<b>58.66</b>	<b>63.95</b>	<b>67.11</b>	<b>71.39</b>	<b>60.64</b>	<b>80.59</b>	<b>68.57</b>	<b>53.22</b>	<b>71.23</b>	<b>64.09</b>
<b>Loans</b>		<b>14</b>	<b>44</b>	<b>60</b>	<b>23</b>	<b>27</b>	<b>139</b>	<b>12</b>	<b>27</b>	<b>19</b>	<b>9</b>	

	Program Average	ACEDP	MEF	MEDA	MGF	MCCD	NDC	REDA	PCDC	SPARC	WV	Program Goal
<b>Index Score</b>	<b>64.70</b>	<b>38.47</b>	<b>58.66</b>	<b>63.95</b>	<b>67.11</b>	<b>71.39</b>	<b>60.64</b>	<b>80.59</b>	<b>68.57</b>	<b>53.22</b>	<b>71.23</b>	<b>64.09</b>

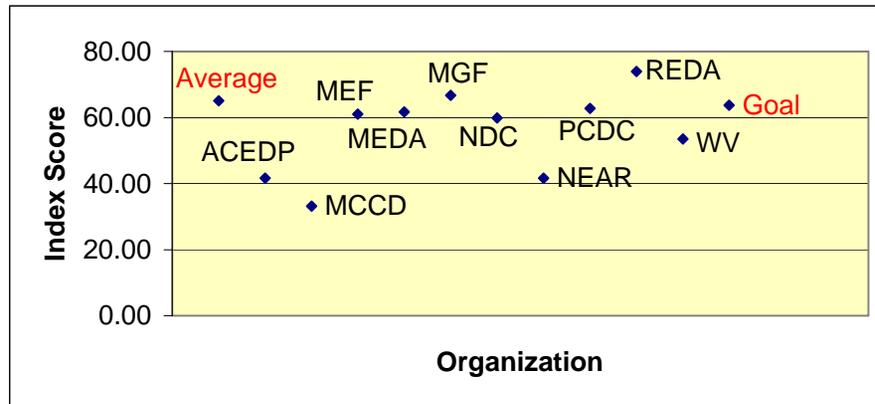
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- 4= as reported by organization
- 5=loan amount written off/total amount of state funds lent
- 6=as reported; amount of TA expenditures/total administrative expenditures
- 7a=total state investment (less loans paid off)/actual jobs reported
- 7b=state invest/job vs total of state investment/job
- 8=as reported; amount paid to state/amount due+amount past due
- 9=state funds disbursed/amount allotted on an annual basis
- 10a=average wage determined for each organization
- 10b=actual wages paid/target wages



**Appendix 4.  
UI Performance Index**

Program Average	ACEDP	MCCD	MEDA	MEF	MGF	NDC	NEAR	PCDC	REDA	WV	Program Goal		
10.7 % of Target Jobs	91.2%	56.6%	75.6%	93.5%	98.1%	91.8%	147.0%	108.0%	98.4%	100.0%	42.9%	100.0%	689
10.7 Bus. Survival/3 yrs.	76.8%			54.5%	80.0%	82.0%	44.0%		88.2%	89.0%	100.0%	56.5%	
10.62 % Community Served	84.0%	17.0%	62.0%	100.0%	78.6%	100.0%	91.8%	61.1%	100.0%	83.0%	62.5%	85.0%	
10.1 Bus. Profitability	64.4%			56.0%	75.0%	50.0%				91.0%	50.0%	60.0%	
10.02 Loan Loss	11.0%	22.1%	5.1%	6.8%	9.9%	8.6%	22.8%	0.9%	3.3%	4.8%	14.2%	10.0%	
9.93 TA Provided	38.4%	47.1%		4.7%	20.0%	4.5%	69.5%		80.0%	42.8%		50.0%	
9.59 State Invest/job	\$4,812.00	\$12,000.00	\$8,371.00	\$4,315.00	\$19,116.00	\$9,710.00	\$4,510.00	\$4,666.00	\$7,074.00	\$10,852.00	\$26,167.00	\$5,000.00	\$106,781.00
9.59 % State Investment	10.0%	11.2%	7.8%	4.0%	17.9%	9.1%	4.2%	4.4%	6.6%	10.2%	24.5%	10.0%	
9.59 Repayment	72.3%			70.7%	69.0%	81.8%	44.0%		40.7%	100.0%	100.0%	70.0%	
9.5 Funds Disbursed	9.8%	10.0%	12.0%	11.8%	10.3%	11.6%	7.4%	12.4%	9.3%	4.9%	8.0%	20.0%	
9.25 Wages Paid	\$12.19	\$23.14	\$8.58	\$12.05	\$9.87	\$15.49	\$10.75	\$14.36	\$10.56	\$13.40	\$9.90	\$10.50	
9.25 % of Target Wages	122.0%	220.4%	81.7%	114.8%	94.0%	147.5%	102.4%	136.8%	100.6%	127.6%	94.3%	100.0%	
<b>Index Score</b>	<b>65.05</b>	<b>41.68</b>	<b>33.19</b>	<b>61.06</b>	<b>61.69</b>	<b>66.66</b>	<b>59.82</b>	<b>41.63</b>	<b>62.73</b>	<b>73.97</b>	<b>53.46</b>	<b>63.74</b>	

Program Average	ACEDP	MCCD	MEDA	MEF	MGF	NDC	NEAR	PCDC	REDA	WV	Program Goal	
<b>Index Score</b>	<b>65.05</b>	<b>41.68</b>	<b>33.19</b>	<b>61.06</b>	<b>61.69</b>	<b>66.66</b>	<b>59.85</b>	<b>41.63</b>	<b>62.73</b>	<b>73.97</b>	<b>53.46</b>	<b>63.74</b>



### UI Performance Index

	ACEDP	MCCD	MEDA	MEF	MGF	MUL	NDC	NEAR	PCDC	REDA	WV	Goal	
1 % Minority Bus.	20.00%	60.00%	100.00%	81.08%	100.00%	100.00%	94.44%	62.50%	100.00%	80.00%	40.00%	85.00%	% Minority Bus.
2 Repayment	21.51%	22.02%	17.75%	19.18%	28.52%	11.11%	28.17%	10.84%	24.66%	71.73%	12.30%	24.34%	Repayment
3 Loans Charged off	24.73% ?		8.99%	5.48%	9.63%	16.44%	15.85%	1.04%	3.53%	6.35%	21.74%	10.00%	Loans Charged off
4 Loans in Default	13.70% ?		2.98%	2.80%	1.35%	100.00%	15.85%	26.76%	10.70%	0.00%	0.00%	8.00%	Loans in Default
5 % of Funds Used	84.55%	78.22%	82.68%	67.69%	86.50%	30.00%	68.60%	83.00%	68.20%	29.48%	42.67%	75.00%	% of Funds Used
6 No. of Jobs	2.67% ?		19.88%	8.47%	20.68%	1.43%	31.80%	3.21%	6.60%	0.18%	0.00%	9.49%	No. of Jobs
7a. Average Wages	\$24.02 ?		\$12.76	\$10.63	\$13.37	\$8.00	\$9.87	\$10.63	\$8.27	\$22.00	\$0.00	\$10.50	Average Wages
7b. % of Highest Wages	100.00% ?		53.12%	44.25%	55.66%	33.31%	41.09%	44.25%	34.43%	91.59%	0.00%	43.71%	
8a. State \$/job	\$12,166.67 ?		\$8,465.25	\$11,521.39	\$7,995.69	\$10,000.00	\$3,669.54	\$10,277.78	\$5,717.57	\$12,500.00		\$5,000.00	State \$/job
8b. % State Investment	14.78% ?		10.28%	14.00%	9.71%	12.15%	4.46%	12.49%	6.95%	15.19%	0.00%	10.00%	
9 % w/ Increased Sales	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	75.00%	% w/ Increased Sales
10 Operations/client	\$0.07 ?		\$0.29	\$0.31	\$0.21	\$0.06	\$0.18	\$0.10	\$0.33	\$3.85	\$0.78	\$0.25	Operations/client
<b>Index Score</b>	<b>59.61</b>	<b>28.03</b>	<b>67.92</b>	<b>62.24</b>	<b>70.60</b>	<b>49.02</b>	<b>66.31</b>	<b>59.82</b>	<b>64.09</b>	<b>62.52</b>	<b>35.99</b>	<b>65.46</b>	

1. Compares number of loans made
2. Compares \$ repaid with total \$ lent
3. Compares \$ charged off with total \$ lent
4. Compare current rec'bl \$ with \$ > 120 days late
5. Compares \$ disbursed with total grant \$
6. Compares jobs reported with total jobs.
- 7b. Compares wages reported by each org.with highest average wage reported.
- 8a. Compares jobs created with total state \$ not paid
- 8b. Calculated by dividing org.\$/job by sum of all org. \$/job.
9. Compares no. of businesses with current loans
10. See org. annual report, divide by number of current loans.

3a NDC charge off w/o JMT 8.78%

- 2a. Amt. Rec'd for Period/Amt. Due for Period + Amt. Past Due at start of Period
- 9a. TA expenses/total business development expenses
- 10a. Total credit program operating expenses/average outstanding portfolio