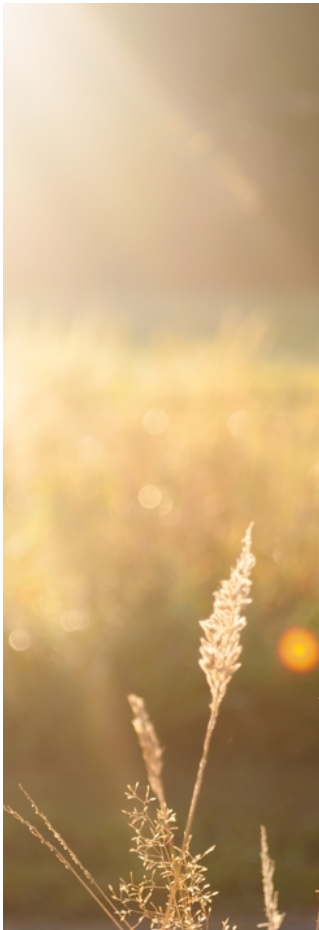


200 1st Street NE
Staples, MN 56479
218.894.3233

www.regionfive.org
www.northcentraleda.org
www.thegoodlifenorthcentralmn.com





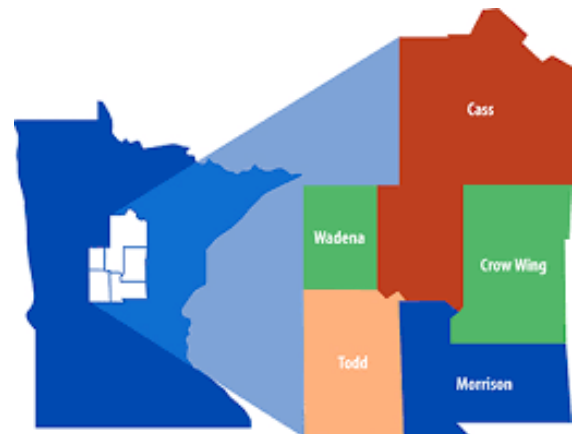
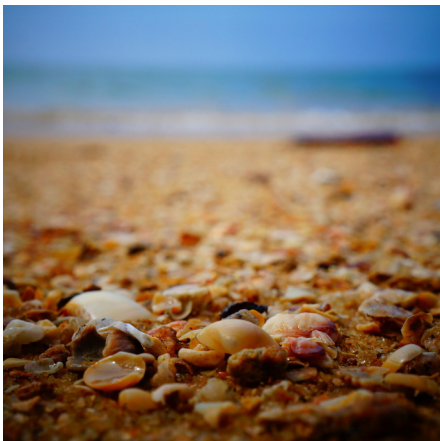
The purpose of Region Five Development Commission is to insure the orderly and harmonious coordination of state, federal, and local comprehensive planning and development programs for the solution of economic, social, physical and governmental problems of the state and its citizens.





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Message from our Executive Director

The 2017 body of work from our small team exhibits high quality and impressive volume of benefit to the region. The R5DC team managed a lending portfolio and delivered planning and project management in the areas of Transportation, Economic & Community Development.

This report is packed full of relevant work that address our 5-county regional critical issues. One such effort was the launch of Social Crowdfunding campaigns via support from a USDA Rural Business Development Grant and through a partnership with a metro based mission driven company "MNStarter." Together we will launch 3 social crowdfunding offerings in 2018 and more thereafter.

Another highlight this last year was the launch of The Good Life site. Through partnerships with the region's county economic development professionals and funding from the National Joint Powers Alliance, an online presence for the entire region was beautifully designed by Golden Shovel. This site houses landing pages for EACH of our 65 cities and depicts our commitment to quality of life in Region 5 as a workforce attraction tool.

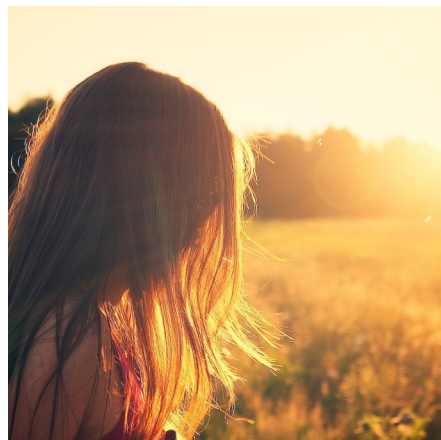
Through the leadership of the Resilient Region Champions (including all of the R5DC team members) and several partnerships, the implementation of our highly acclaimed regional Resilient Region Plan (www.resilientregion.org) has impacted broadband development, advancement of our local foods and placemaking work, and new regional initiatives around Education & Workforce Development and SO MUCH MORE! R5DC presented in 9 states throughout 2017 on the success of this regional effort.

In 2017, R5DC and our affiliate 501c3 the North Central Economic Development Association (NCEDA), honored two business enterprises that access NCEDA lending programs; The Farm on St. Mathias and Acorn Builders. Additionally honored were Outstanding Service Provider; Rural Renewable Energy Alliance and Outstanding Regional Partner; National Joint Powers Alliance. These are the BEST of the BEST and we are so proud of their numerous contributions to this region.

We fully appreciate that our team could never meet our goals without the steadfast service of our R5DC Commissioners and the NCEDA Board members, and this region is blessed and better as result of their leadership. We look forward to new challenges ahead, and opportunities to partner and collectively achieve regional benefit.

Humblest Regards,

Cheryal Lee Hills
*Executive
Director*





The accomplishments of this past year could not have been successfully carried out without the dedicated hard working team at R5DC. The staff works in a number of very important areas to help our region grow into the future.

With the exception of a small area, the region has broadband conductivity that rivals many big cities, this allows the residents to conduct a number important tasks right from their homes including internet banking, video connect home health care, and other very important tasks. Region 5 continues to work hard on broadband conductivity until their goal of 95% broadband conductivity is reached.

Solar schools is a very important project that affects the entire region and shows that government, private business, and public facilities can come together as a team to bring a green energy

saving system to the regional school systems. This system will save on utility costs for the schools, promote green energy, and will allow a teaching and learning opportunities for the students.

R5DC staff also works very hard on the things that keep the region running. For example, city comprehensive plans, regional transportation, jobs and work force creation, well water and sewer loans and small business loans.

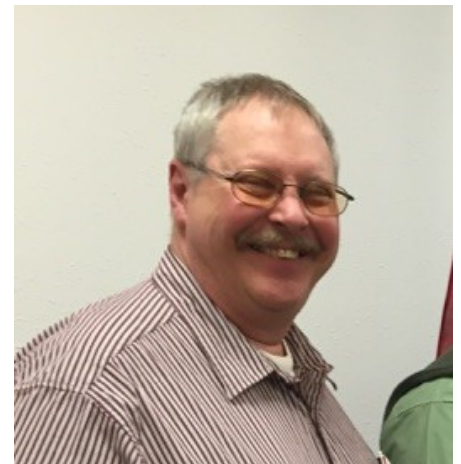
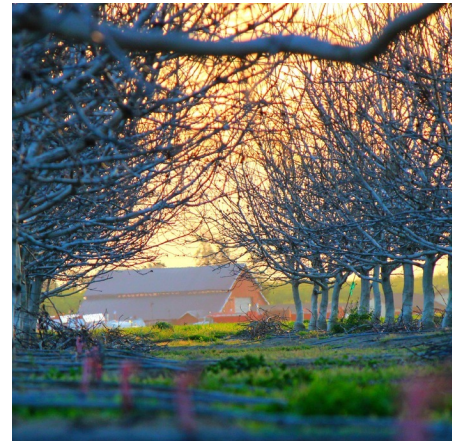
I would just like to say that success can be measured in many ways and in my time at on R5DC commission, I see success almost on a daily basis from being awarded grants for many different projects to working with regional partners to strengthen cooperation and including all groups of regional cultures to help us better understand each other.

Very respectfully,

David A. Anderson

Board Chairman

Message from our Board Chairman



Our Commissioners



Cass	Crow Wing	Morrison	Todd	Wadena	Special Interest
John Benson	Rosemary Franzen	Mike Wilson	Barb Becker	David A Anderson	Jill Abbott
Bob Kangas	Tom Lillehei	Paul Nieman Jr.	Alex Weego	Murlyn Kreklau	Erich Heppner
Kevin Egan	Duane Ruona	Chuck Parins	Alan Perish	Sheldon Monson	Diane Jacobson
	Jan Lambert	Andrea Lauer			Curt Johnson
					Craig Nathan
					Nancy Stevens
					Matt Erickson
					Sharon Ballou



CHERYAL LEE HILLS
Executive Director



NICHOLE LARSON
Deputy Director



DAWN ESPE
*Senior Regional
Development Planner*



SANDY VOIGT
Regional Business Specialist



TAD ERICKSON
*Senior Regional
Development Planner*



SHARON GOTTWALT
*Accounting & Lending
Specialist*

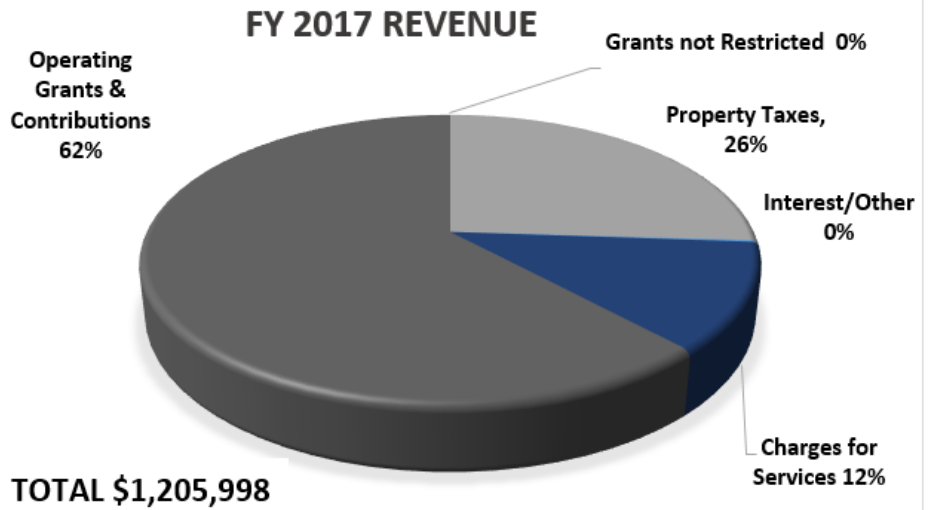


STACI HEADLEY
*Regional Development
Planner*



ALEXANDRIA HANSON
Controller

Financial Report

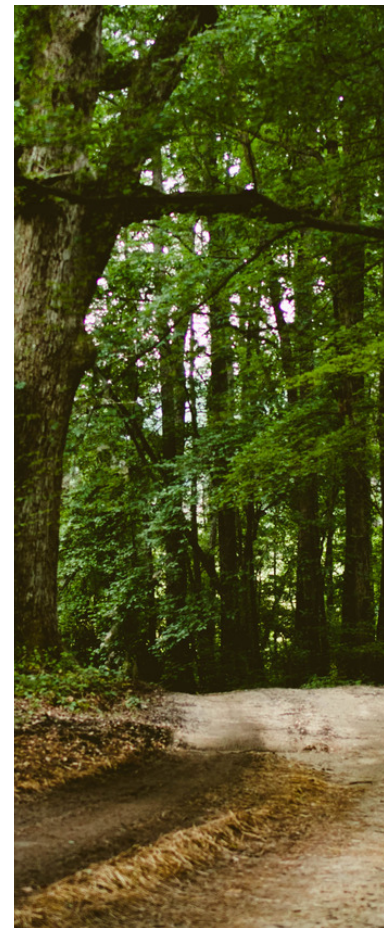
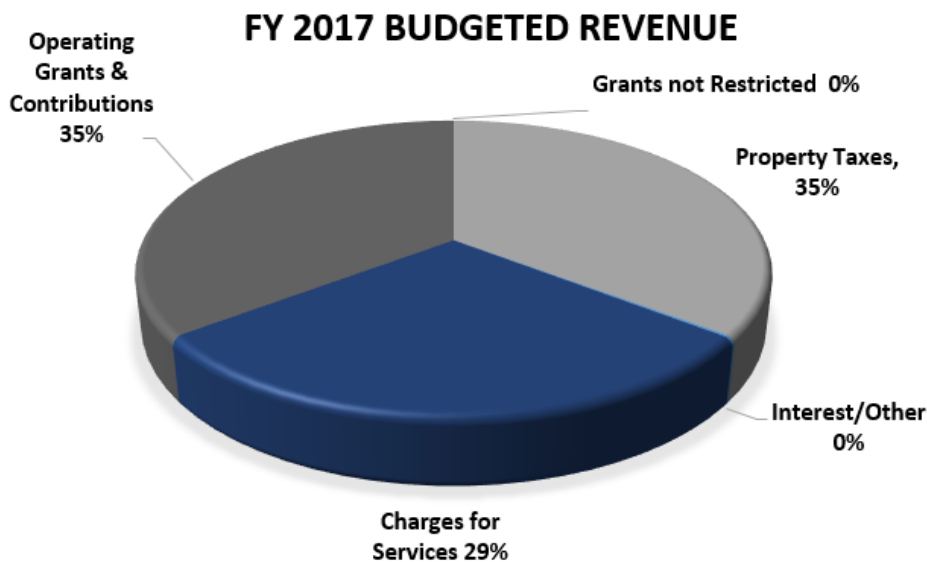


Total Expenditures \$1,103,099

FY 2017 Net Income \$102,899

Budgeted Expenditures \$694,454

Budgeted FY 2017 Net Income \$31,352

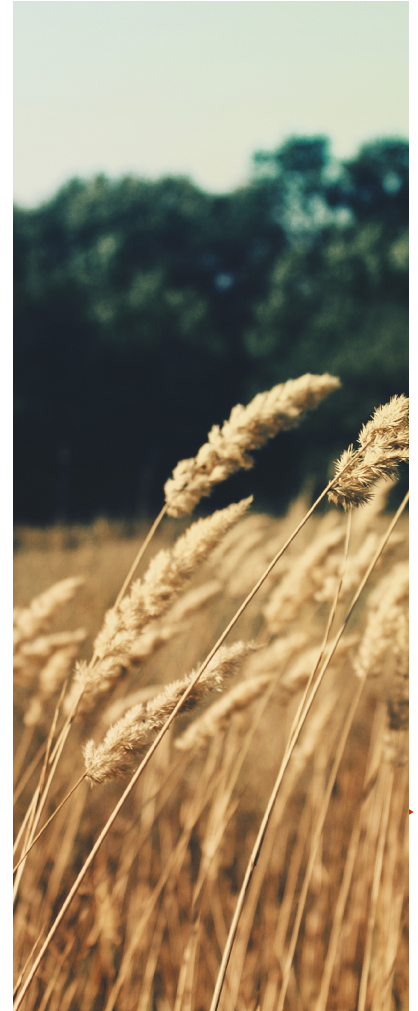




FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,599,297 (net position), of which 91.8 percent is restricted in use.

At the close of the fiscal year, the General Fund reported an ending fund balance of \$1,025,159, an increase of \$182,553 in comparison with the prior year. Of this balance \$270,508 is nonspendable, \$45,817 is assigned, and \$708,834 is available for spending at the Commission's discretion (unassigned fund balance).



Region Five Development
Commission's financial statements
for fiscal year 2017 were audited by
Schlenner Wenner & Co. An
unqualified opinion was expressed.

Loans Closed in 2017

ISTS

Remer	Cass	\$6,439.95
Cass Lake	Cass	\$2,500.00
Pine River	Cass	\$2,325.00
Walker	Cass	\$4,900.00
Hackensack	Cass	\$6,713.00
Pillager	Cass	\$7,800.00
Pequot Lakes	Crow Wing	\$2,300.00
Nisswa	Crow Wing	\$3,500.00
Little falls	Morrison	\$6,600.00
Little falls	Morrison	\$3,500.00
Bowlus	Morrison	\$11,705.00
Pierz	Morrison	\$13,910.00
Royalton	Morrison	\$8,780.00
Swanville	Morrison	\$3,350.00
Randall	Morrison	\$5,765.00
Little falls	Morrison	\$11,919.34
Wadena	Wadena	\$7,691.00
Sebeka	Wadena	\$1,250.00
Verndale	Wadena	\$1,365.25
Menahga	Wadena	\$10,018.75
Verndale	Wadena	\$3,500.00
Verndale	Wadena	<u>\$9,500.00</u>
(\$121,373 LY Total)		\$135,332.29

HWWS

Walker	Cass	\$4,400.00
Pequot Lakes	Crow Wing	\$5,603.80
Little Falls	Morrison	\$5,389.00
Verndale	Wadena	\$7,422.56
Wadena	Wadena	<u>\$10,800.00</u>
(\$27,526 LY Total)		\$33,615.36

NCEDA

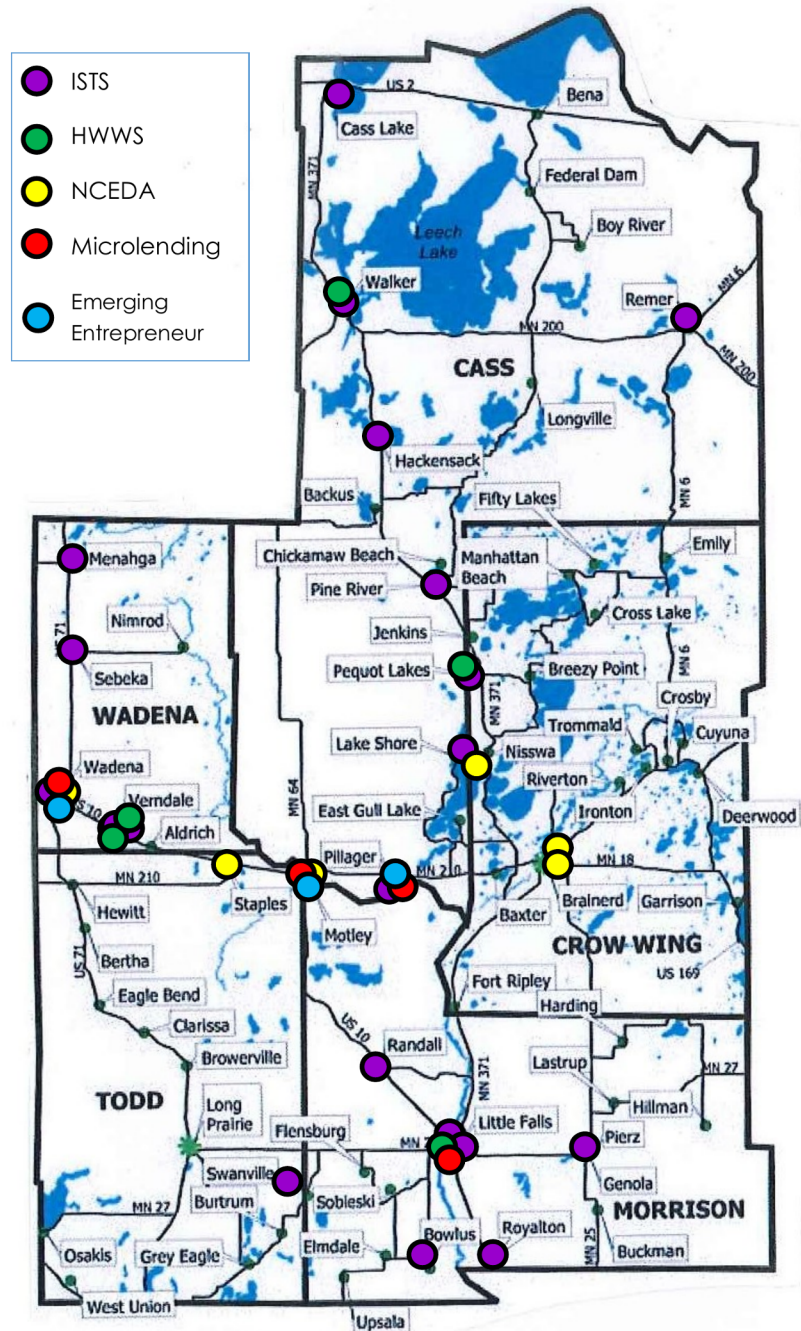
Nisswa	Crow Wing	\$75,000.00
Brainerd	Crow Wing	\$62,700.00
Brainerd	Crow Wing	\$62,500.00
Motley	Morrison	\$100,000.00
Staples	Todd	\$30,000.00
Wadena	Wadena	<u>\$100,000.00</u>
(\$165,500 LY Total)		\$430,200.00

MICRO-LENDING

Motley	Cass	\$5,000.00
Pillager	Crow Wing	\$5,000.00
Little falls	Morrison	\$25,000.00
Wadena	Wadena	<u>\$10,000.00</u>
(\$79,400 LY Total)		\$45,000.00

EMERGING ENTREPRENEUR

Motley	Cass	\$5,000.00
Pillager	Crow Wing	\$23,000.00
Wadena	Wadena	<u>\$10,000.00</u>
NEW LOAN PROGRAM		\$38,000.00



Business Loans

REVOLVING LOAN FUNDS (EDA/RLF)

EDA leads the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. Through strategic investments that foster job creation and attract private investment, EDA supports development in economically distressed areas of the United States. The goal of the RLF program is to help communities and regions transform their economies and propel them towards economic prosperity through innovation, entrepreneurship, and public-private partnership. Over the past year we have been working with EDA to implement their greater focus on improving the RLF program and its operations nationally through a risk-based management framework. EDA seeks to improve the agency's ability to monitor RLF performance and provide targeted technical assistance through a risk-based management framework, better organize and clarify the RLF regulations, and make additional changes designed to clarify and streamline RLF requirements.



In preparation of upcoming changes, we have developed and implemented a new Risk-Rating System for individual business loans. This system determines several factors and assigns a ranking based on those factors. The overall portfolio is analyzed and reviewed on a quarterly basis to ensure quality loan performance which will contribute significantly to the proposed EDA rating systems utilizing the CAMELS approach. Loan activity has remained steady even with limited funds available. Individual loan approvals are identified on the attached chart/map. Six (6) loans totaling \$430,200.

North Central Economic Development Association

**'We do this to support the
development and ongoing
success of rural
microentrepreneurs and
microenterprises'**



RURAL MICRO ENTERPRISE ASSISTANCE PROGRAM (RMAP)

In 2012, after two years of research and feasibility studies, a microenterprise lending program was added through a \$400,000 loan from USDA's Rural Microenterprise Assistance Program (RMAP). These funds serve ten (10) counties and are available to businesses in Cass, Crow Wing, Morrison, Todd, Wadena, Pine, Isanti, Chisago, Kanabec and Mille Lacs Counties. RMAP funds have all been fully expended with additional lending being completed by repaid funds. The target market population and industries for this capital is: A) minority, with a focus on Hispanic/Latino, tribal and women owned businesses. B) Arts and culture; and small agricultural/value-added industries. Total loans.....see attached chart/map. Four (4) loans totalling \$45,000.

EMERGING ENTREPRENEUR LENDING PROGRAM (ELP)

NCEDA is pleased to share that they have been named as an approved lender by the Minnesota Department of Employment and Economic Development (DEED) who is committed to economic equity in the state's workforce, businesses and communities to create a fair and inclusive environment that benefits all Minnesotans. The overall objective of the program is to fund loans to businesses throughout the state that are owned and operated by minorities, low-income persons, women, veterans and/or persons with disabilities; provide jobs for minority and/or low-income persons, create and strengthen minority business enterprises, and promote economic development in a low-income area. All funding contracts are effective for up to five years. Corporations must submit annual reports to DEED detailing its program activities and the status of businesses that have received assistance. DEED will conduct a review of the nonprofit corporation's performance in achieving the program's objectives. DEED reserves the right to evaluate the contract performance and terminate the contract early if the contractor has low performance. We have approved and disbursed the full allocation through four (4) individual projects and are in process to request additional funds.

Four (4) loans totaling \$50,000.

North Central Economic Development Association



Homeowner Loans

Individual Septic Treatment System (ISTS)

We again broke an annual high with dollars loaned for ISTS loans, \$135,332 is record breaking for this program through 22 individual loans. Additional loans have been approved and completed the past six months of CY 2017 although not included in these totals. The ISTS loans have leveraged BOWSR grant funds through partnerships with all five counties of Cass, Crow Wing, Morrison, Todd and Wadena. Additional loans are provided to Beltrami County through this program.



Household Well Water System (HWWS)

Five (5) Well Water loans were approved and closed for \$33,615. We have allocated all grant funds from USDA and have submitted a new application for additional funds. At this time, we have been informed that our application is in the queue but no decisions are made yet. This will remain in process for up to rolling four quarters. We have funds available for lending either from repaid funds or sourcing the loans through AgBMP dollars.



Solar Lending

Thanks to grant dollars earned from the McKnight Foundation, R5DC in partnership with one of our sister organizations in southern MN, is conducting a feasibility study to exploring the option of adding a solar lending program to the portfolio of homeowner loan programs. The study results will be released after completion in March 2018.

Wealthworks/Community Capitals

R5DC, along with 5 other economic and community development organizations around the country, have entered into a cooperative agreement with the USDA to deliver the Community Capitals model by coordinating services and delivering them to benefit communities and businesses. We are sharing this information through outreach, information exchange, peer to peer sharing, service and support for local coordinators, and fiscal administration of the dollars received from USDA to move this work forward.

Cheryl Hills and Dawn Espe presented on the community capitals framework at the NADO Annual Conference in Alaska and gathered with peers and value chain coordinators in Montana in 2017. Further work will be done in 2018 as many rural and small communities are seeking opportunities to do economic development differently, to shift their efforts from the typical deficit-based economic development strategies to consider a more asset-based comprehensive and homegrown strategy.

What makes these Community Capitals model different from other economic development approaches? It is a comprehensive approach to economic development, using demand-driven value chains and strong social capital to create positive impacts on the eight capitals, local ownership and control, and improved livelihoods for low-wealth people. The eight capitals (natural, built, financial, social, intellectual, individual, political, cultural) align well with HUD/DOT/EPA Sustainable Communities regional planning guiding principles, USDA Stronger Economies Together practice and the emerging Placemaking and NextGen values.

For more information on Wealthworks, visit www.wealthworks.org

Community Development

**'It is a
comprehensive
approach to
economic
development'**



Artplace



'All activities improve our region's way of doing business, create an improved ecosystem that collectively provides new experiences for residents to financially prosper and welcome all residents to participate and learn from each other in ways that inspire future initiatives.'

R5DC is supporting an economic development opportunity that utilizes culinary art, functional and nonfunctional art installations and experiences that intend to make ***Sprout Growers & Makers Marketplace*** in Little Falls a destination as well a reflection of the unique cultural diversity of central Minnesota.



Sprout Growers & Makers Marketplace is a 20,000 sq ft local food processing facility, cooking demonstration kitchen and indoor winter marketplace for growers and makers, established by a cadre of thinkers over the last 6 years who hosted its grand opening April 1, 2016. Sprout Marketplace offers a unique community engagement setting that creatively engages residents to design projects and intrinsic/social programming at a one-of-a-kind regional space where art/culture/food increase cultural appreciation and offer positive economic impacts.

'Artists partner with local growers at Sprout Marketplace to increase economic benefits and livable wages for both.'

What will this effort deliver?

Commissioned ART. Project Core Team members will continue to meet with culturally diverse communities to prioritize commissioned art that will reside at the Sprout Marketplace to allow for ongoing conversation and appreciation of diverse cultural heritage.

Art demonstrations. In addition to commissioned art from culturally diverse artist, grant funds will support performing artists and artist demonstrations coordinated for general public on open Marketplace dates.

Multi-cultural culinary art demonstration and cooking classes. Core team members engage regional culinary artists/chefs to set cooking demonstrations and cooking classes of heritage recipes, alongside community members.

Business classes. Growers and artists will set forth a schedule of learning opportunities, such as succession planning that increase economic prosperity.

Community Development

The Good Life

Region Five Development Commission's Regional Branding project was a recipient of a 2016 \$100,000 Innovation Grant. The National Joint Powers Alliance (NJPA) Funding Innovation Program engages representatives from cities and counties to rank applications and select awarded projects in Region 5.

The regional branding project will help the region highlight its assets, allow individual communities to maximize their impact, and build a culture of community collaboration. The overarching goals of the proposed project are to (1) attract potential workforce - primarily millennials; (2) attract businesses - either startups, or relocations; and (3) build a culture of collaboration among the municipalities of the region. This work has resulted in a brand that will build a favorable internal and external image of the region and its small cities - one that builds social capital within the region, is owned by its communities, and which is attractive to those external to the region.



Cities, counties, groups and organizations are invited to utilize The Good Life logo when promoting events, activities, employment opportunities, new businesses and more, to showcase all the assets and amenities that make our region a desirable place to be.

Visit
thegoodlifenorthcentralmn.com
to learn more about this
regional branding effort and to
see how we are living...
The Good Life



Transportation

TRANSPORTATION ADVISORY COUNCIL (TAC)

The R5DC has a planning assistance contract with the Minnesota Department of Transportation (Mn/DOT) to provide assistance, information and technical support for transportation issues affecting the region. R5DC has a Transportation Advisory Committee (TAC) that meets 4 times a year to address various transportation issues. The TAC also prioritizes all transportation projects submitted in Cass, Crow Wing, Morrison, Todd and Wadena Counties proposed to use federal transportation funding through the Area Transportation Partnership (ATP). The TAC has funded an estimated \$12 million in road projects over the past five years.

The regional Transportation program is a liaison between local governments and the Minnesota Department of Transportation. Assistance is available to help local governments address transportation issues related to roads, transit, air, rail, trails, etc. The program helps identify and prioritize safety issues along highway corridors and provides staff support to a number of transportation related committees and efforts, including the R5DC Transportation Advisory Committee and the Area Transportation Partnership. Whether it's highway corridor planning, trail development, freight movement studies, or school transportation management planning, R5DC helps identify and solve regional transportation planning challenges.

AREA TRANSPORTATION PARTNERSHIP (ATP)

R5DC is part of Mn/DOT District 3 Area Transportation Partnerships. The ATP is a committee of elected officials, city and county engineers, Mn/DOT staff, tribal leaders, public transit leaders representing areas contiguous with Mn/DOT District boundaries. Their role is to develop policy and program projects utilizing federal funding from the Federal Highway Administration (FHWA).

SAFE ROUTES TO SCHOOL (SRTS)

Region Five Development Commission is also very active in Safe Routes to School planning and infrastructure development. Region Five assists communities in all aspects of Safe Routes to School Planning including, developing a planning team, assisting in the development of their applications, meeting facilitation, conducting parent and student surveys, conducting walk audits, analysis of issues and barriers, providing recommendations and drafting and adoption of the final plan.

In June of 2017 R5DC completed two SRTS plans, one for the cities of Staples/Motley, and another for the city of Brainerd. In July 2017 R5DC began the SRTS planning process, working with the City of Long Prairie and the Long Prairie Grey Eagle School District. To date the Long Prairie SRTS planning team held several planning meetings, conducted an in-class student tally, conducted a walking audit around the elementary school to assess issues and barriers. Adoption of the plan is anticipated in the spring of 2018.



Comprehensive Plans

WHAT IS A COMPREHENSIVE PLAN?

Comprehensive Planning is a process that determines community goals and aspirations in terms of community development. The outcome of comprehensive planning is the comprehensive plan which acts as a statement of what a community wants to become. A comprehensive plan is a collection of principles based on community defined vision; and an assembly of concepts which have been established to support the principles and the vision of the community. The R5DC team has successfully completed numerous comprehensive plans for communities throughout the region.

WHAT DOES THE COMPREHENSIVE PLAN PROCESS LOOK LIKE?

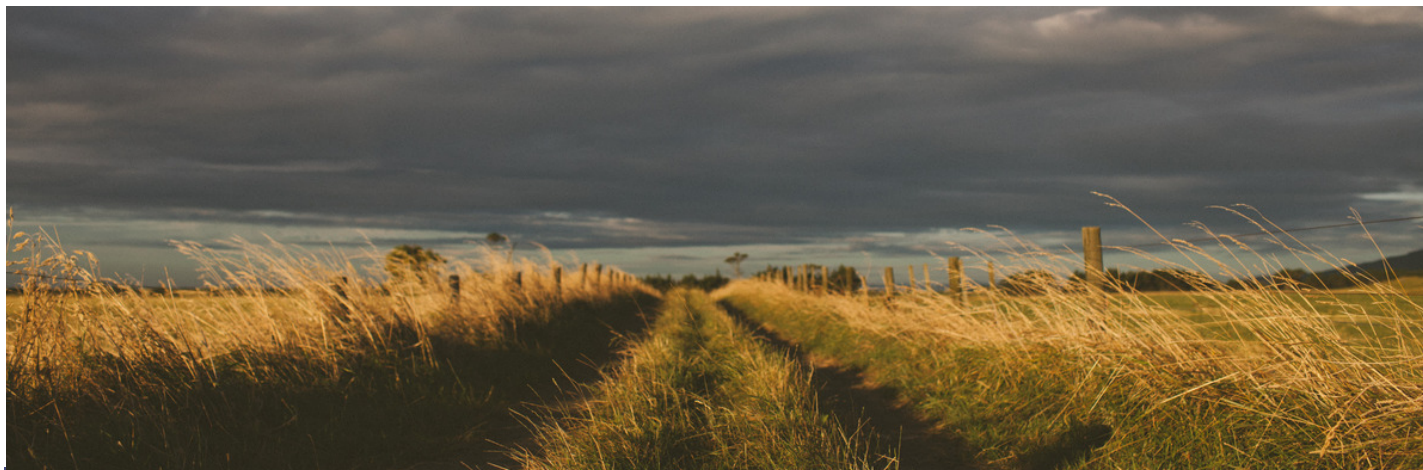
Throughout the years, R5DC has assisted numerous local units of governments in all aspects of comprehensive planning by: Working with elected city officials, city staff and city commissions to understand goals and outcomes, conducting public workshops and planning meetings, developing a local planning task force, facilitating the local planning task force meetings, compiling and updating most current demographic data, drafting comprehensive plan document, launching public input and informational meetings to ensure an equitable process, and finally R5DC assists with the adoption and recording the final approved plan.

'Comprehensive plans provide for the preparation of a balanced economic and community development strategy involving the communities physical, environmental and social conditions.'

NEW FOR 2017

New in 2017, R5DC has partnered with the National Joint Powers Alliance (NJPA) in order to provide comprehensive planning services to communities in the region. This partnership enables both organizations to leverage unique strengths and resources in a way that benefits communities, communities long range planning processes and the comprehensive plans themselves.

Through this partnership, R5DC and NJPA have had the privilege of working on comprehensive plans for 5 communities in 2017 with each of these plans being at various stages of development in the planning process. These communities include: The City of Nisswa, The City of Crosslake, the City of Staples, and the City of Brainerd.



The following served as Region Five Commissioners and regrettably passed away in 2017. We honor their public service and regional commitment.

Duane Johnson

Morrison County

County Commissioner

Served on the R5DC board since 2013. Most recently Commisisoner Johnson served as the commission secretary in 2017.

William (Bill) Kern

Wadena County

Townships

Served on the commission from 1979-2017

Former Commissioners

Bob Becker

*Soil and Water
Conservation District*

Served on the commission from 2005-2012

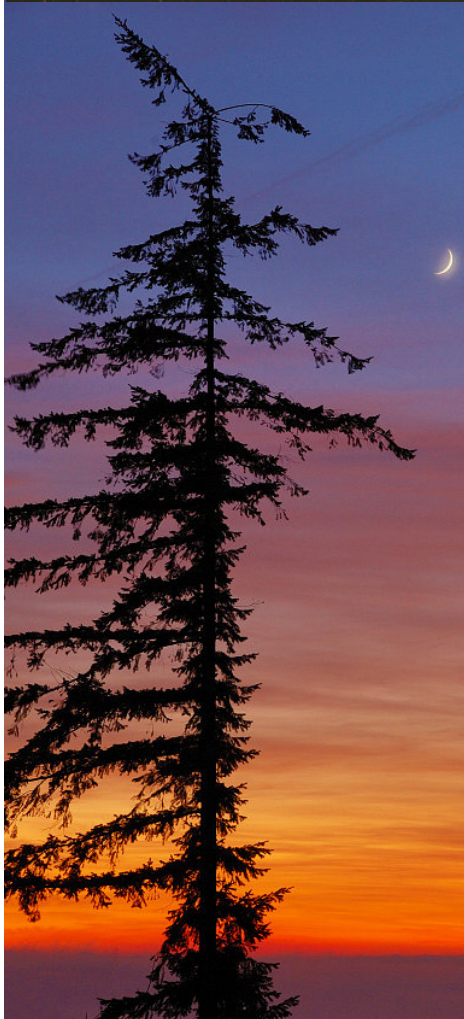
Tom Wenzel

Morrison County

County Commissioner

Served on the commission from 2001-2012

Celebrating Service



R5DC's Strategic Plan sets forth Goals, Objectives and Performance Measures and is accessible on the R5DC website: www.regionfive.org

The Three main goals are as follows:

Goal 1: Foster Value to the Region

To nurture innovation, boost philanthropic engagement, own responsibility and to allocate investments toward growth initiatives that will build upon assets and drive long-term resilience.

Goal 2: Achieve Maximum Partner Satisfaction

Provide a vehicle for implementation of regional programs that cross over traditional jurisdiction boundaries and varied disciplines by partnering with Local, State and Federal Agencies, as well as Private Public and Nonprofit organizations.

Goal 3: Agency Excellence

To provide superior agency infrastructure that supports the delivery of exceptional services that address future needs and regional critical issues.

R5DC has retained the services of EnSearch Inc. as a third party evaluator to provide external evaluation of our progress.

The Region Five Development Commission is one of ten Regional Development Organizations in the state and is classified as a local unit of government. We serve a five county region and work with private, public and non-profit sectors.

We specialize in lending, planning and project management in the areas of Economic Development, Community Development and Transportation.

*Region Five Development Commission's
Mission Statement is to **enhance the vitality**
and **quality of life** in Cass, Crow Wing,
Morrison, Todd and Wadena Counties.*

R5DC's Role -To "fill the holes" without duplication of efforts by the private, public, or non-profit sectors. Our intent is to identify work that address regional critical issues and that will allow for collective shared outcomes.

For individuals who are deaf, hard of hearing, deaf-blind or speech disabled, please use the Minnesota Relay service by dialing 7-1-1

Region Five Development Commission (NCEDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation and marital or family status.