

May 02, 2025

**Senate Jobs and Economic Development Committee**

The Honorable Senator Champion  
Minnesota Senate Bldg., Room 3401  
St. Paul, MN 55155

The Honorable Senator Draheim  
Minnesota Senate Bldg., Room 2225  
St. Paul, MN 55155

**House Workforce, Labor, and Economic Development Finance and Policy Committee**

The Honorable Representative Baker  
2nd Floor, Centennial Office Building  
St. Paul, MN 55155

The Honorable Representative Pinto  
5th Floor, Centennial Office Building  
St. Paul, MN 55155

**RE: Submission of Economic Revitalization Program 2024 Annual Report**

Dear Legislators:

As required by Minn. Stat. § 116J.8749 Subd. 11(b), please find enclosed the Main Street Economic Revitalization Program 2024 Report to the Minnesota Legislature.

If you have any questions or concerns about this report, please do not hesitate to contact Director of Government Relations Deven Bowdry, [deven.bowdry@state.mn.us](mailto:deven.bowdry@state.mn.us)

Regards,



Matt Varilek  
Commissioner

Enclosure

CC: Governor's Office  
Legislative Reference Library



# Main Street Economic Revitalization Program

As Required by Minn. Stat. § 116J.8749 Subd. 11(b)  
2024 Annual Report  
May 2, 2025

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Office of Small Business Innovation  
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St. Paul, MN 55101

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As requested by Minnesota Statute 3.197: This report cost \$321.24 to prepare, including staff time, printing and mailing expenses. Upon request, this material will be made available in an alternative format such as large print, Braille, or audio recording. Printed on recycled paper.

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## Authorizing Appropriation

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As authorized in 2021 Minnesota Laws, 1st Special Session, Chapter 10, Article 1, Sec. 2, Subd. 2 (u) and Minn. Stat. § 116J.8749, up to \$80,000,000 is available for grants to partner organizations under the Main Street Economic Revitalization Program. Up to 50% of the funding is available in the first round of awards with the remaining funds made available through subsequent rounds of awards. The program is administered by the Minnesota Department of Employment and Economic Development (DEED).

Program funds are made available to partner organizations in proportion to eligible demand with no more than 65% of funds awarded in any one region over the life of the program. The regions are defined as either the 7-county metropolitan area (Twin Cities Metro) or the area outside the 7-county metropolitan area (Greater Minnesota).

## Economic Revitalization Program

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This program seeks to establish economic revitalization through partnering with organizations to provide leveraged grants and guaranteed loans. These grants and loans are targeted at supporting economic development and redevelopment projects that deliver the highest impact in communities with the greatest needs due to conditions that have arisen since March 15, 2020. Partner organizations must designate a service area that includes one or more commercial corridors and/or main streets within their communities that have experienced one or more qualifying conditions.

Qualifying conditions include, but are not limited to:

- Widespread property damage due to fire, flood, arson, civil unrest and/or natural disasters.
- One or more employer closures or multiple commercial space vacancies that have significant impact on the corridor or main street.
- COVID-19 impacts on travel, tourism, retail, and accommodation.

Successful efforts funded by this program are intended to result in:

- Revitalizing corridors and main streets that have an outsized impact on businesses and surrounding communities,
- Expanding the tax base of targeted communities,
- Increasing the creation and retention of jobs relative to the local economy, and
- Delivering a positive impact on diverse communities most severely harmed due to conditions that have arisen since March 15, 2020.

## Eligible Partner Organizations

The following types of organizations are eligible for grant funding as a partner organization:

- Foundations engaged in economic development
- Community development financial institutions
- Non-profit organizations engaged in housing and commercial development

Partner organizations must demonstrate that they have the scale, experience, qualifications, and capacity to successfully implement a program that will result in the successful completion of multiple development and redevelopment projects within one or more commercial corridors and main streets in their defined service area. In addition, regardless of state or national affiliation, organizations must have Minnesota-based operations, staff, and services.

Partner organizations cannot receive financial assistance from this program for facilities or properties they own or lease. Partner organizations must establish a process of ensuring there are no conflicts of interest in determining awards under the program.

Local government units are not eligible to receive funding from this program.

## Eligible Uses

Partner organizations receiving grant funds from this program can use the funds to establish a program within one or more commercial corridors or main streets to aid eligible recipients and projects within a defined service area.

Leveraged grants and guaranteed loans can be used by eligible recipients for the following:

- Repair or renovation of real property
- Building construction
- Landscaping and street scaping
- Demolition and site preparation
- Predesign and design
- Engineering
- Non-publicly owned infrastructure
- Related site amenities

A portion of the grant to a partner organization may be used by the organization for administration and monitoring of the program.

Eligible project expenses do not include the purchase of real estate or business operations or business operating expenses, such as inventory, wages or working capital.

## Collaboration

Partner organizations are encouraged to establish programmatic and co-financing partnerships that will assist with community outreach, review, awarding, and financing of eligible projects while ensuring there are no conflicts of interest in the award decision and grant monitoring process.

Partner organizations cannot award grants or loans to projects owned by that partner organization or its Main Street program partners. Main Street program partners cannot request or receive funds from the partner organization they are collaborating with. This is considered a conflict of interest and is prohibited.

Partner organizations and their program partners can request and receive funds from a separate partner organization they are not affiliated with or directly collaborating with as long as the grantor partner organization meets all conflict-of-interest requirements when making award decisions.

Any organization affiliated with another Mainstreet Program funded revitalization program applying for grants or loans from another program will have to meet all the same requirements as any other eligible recipient.

## Matching Funds

Partner organizations must have matching funds secured or do so within the 15-month period following the awarding of grant funds. Matching funds may include, but are not limited to, funds contributed by a partner organization, funds contributed by a financing partner, local government funds, or cash contributions by eligible recipients including insurance proceeds from an eligible recipient. Matching funds cannot include state or federal funds.

Matching funds can take the form of cash contributions such as grants or the proceeds of loans offered by the partner organization or its financing partners, local governments, or the proceeds of loans or equity secured by eligible recipients. Leveraged grants can be matched with loan proceeds or cash.

An eligible project must have secured commitments for all required matching funds and all required development approvals before a leveraged grant or the proceeds of guaranteed loan may be distributed.

## Program Activity

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### Application Process: Round 1

The first round request for proposal (RFP) was released at 3:00pm (CST) on August 3, 2021, and proposals were accepted from that date until 4:00pm (CST) on August 31, 2021. Two informational webinars were hosted virtually on August 5<sup>th</sup> and 12<sup>th</sup> with the recordings available online.

In the first round of funding, DEED received 13 proposals requesting \$48 million in funding for grants and \$15 million in loan guarantees. Approximately 66% of the requested funds originated from organizations serving the Twin Cities Metro and 34% originated from organizations serving Greater Minnesota.

## Proposal Evaluation and Selection: Round 1

A review committee evaluated each proposal on a 100-point scale. The review committee was composed of grant and subject matter experts at DEED and one community reviewer. Eight applicants received awards.

<b>Table 1 – Round 1 Partner Organizations Awarded</b>						
<b>Organization</b>	<b>Region</b>	<b>Leveraged Grants</b>	<b>Admin</b>	<b>Total Award (\$)<sup>1</sup></b>	<b>Lending Capacity<sup>2</sup></b>	<b>Non-state Matching (\$)</b>
<b>African Career, Education &amp; Resource Inc</b>	Twin Cities Metro	\$300,000	\$12,000	\$312,000	\$0	\$600,000
<b>Destination Medical Center EDA</b>	Greater Minnesota	\$3,000,000	\$120,000	\$3,120,000	\$0	\$7,000,000
<b>Duluth Local Initiatives Support Corporation</b>	Greater Minnesota	\$980,000	\$42,600	\$1,235,100	\$850,000	\$910,000
<b>Heartland Lakes Development Commission</b>	Greater Minnesota	\$200,000	\$8,000	\$208,000	\$0	\$1,900,000
<b>Saint Paul and Minnesota Foundation</b>	Twin Cities Metro	\$7,000,000	\$280,000	\$7,280,000	\$0	\$14,000,000
<b>Southwest Initiative Foundation</b>	Greater Minnesota	\$2,000,000	\$82,400	\$2,080,000	\$600,000	\$4,672,000
<b>The Minneapolis Foundation</b>	Twin Cities Metro	\$18,000,000	\$760,000	\$21,260,000	\$10,000,000	\$39,570,000
<b>Virginia Community Foundation</b>	Greater Minnesota	\$1,200,000	\$56,600	\$1,794,100	\$2,150,000	\$18,794,846
<b>TOTAL</b>		<b>\$32,680,00</b>	<b>\$1,361,600</b>	<b>\$37,441,600</b>	<b>\$13,600,000</b>	<b>\$87,446,846</b>

<sup>1</sup> Total Award includes only 25% of the value of the guaranteed loan lending capacity authorized by their award, which represents the actual dollars set aside in the Loan Guarantee Trust Fund to pay out defaults. Includes of admin rate of .04%.

<sup>2</sup> Lending Capacity represents the total lending capacity that has been authorized to be available for 80% loan guarantees. DEED sets aside 25% of the value of enrolled loans in a loan guarantee trust fund.



## Application Process: Round 2

The second round RFP was released at 3:00pm (CST) on January 27, 2022, and proposals were accepted from that date until 4:00pm (CST) on February 28, 2022. An informational webinar was hosted virtually on February 8, 2022 with the recording available online.

In the second round of funding, DEED received 15 proposals requesting \$88 million in funding for grants. Approximately 35% of the requested funds originated from organizations serving the Twin Cities Metropolitan Area and 65% originated from organizations serving Greater Minnesota.

## Proposal Evaluation and Selection: Round 2

A review committee evaluated each proposal on a 100-point scale. The review committee was composed of grant and subject matter experts at DEED and two community reviewers. Fourteen applicants received awards.

Table 2 – Round 2 Partner Organizations Awarded						
Organization	Region	Leveraged Grants	Admin	Total Award (\$) <sup>3</sup>	Lending Capacity <sup>4</sup>	Non-state Matching (\$)
Center for Economic Inclusion	Twin Cities Metro	\$961,538	\$38,462	\$1,000,000	\$0	\$11,500,000
Chinese American Chamber	Greater Minnesota	\$961,538	\$38,462	\$1,000,000	\$0	\$16,000,000
Destination Medical Center	Greater Minnesota	\$950,000	\$38,000	\$988,000	\$850,000	\$2,220,000
Faribault Chamber of Commerce	Greater Minnesota	\$750,000	\$30,000	\$780,000	\$0	\$8,800,000
Greater Mankato	Greater Minnesota	\$1,913,462	\$76,538	\$1,990,000	\$0	\$4,900,000
Heartland Lakes Development Commission	Greater Minnesota	\$250,000	\$10,000	\$260,000	\$0	\$835,000
Initiative Foundation	Greater Minnesota	\$4,304,808	\$172,192	\$4,477,000		\$18,900,000
Minneapolis Foundation	Twin Cities Metro	\$11,500,000	\$460,000	\$11,960,000	\$18,816,000	\$26,820,000

<sup>3</sup> Total Award includes only 25% of the value of the guaranteed loan lending capacity authorized by their award, which represents the actual dollars set aside in the Loan Guarantee Trust Fund to pay out defaults. Includes of admin rate of .04%.

<sup>4</sup> Lending Capacity represents the total lending capacity that has been authorized to be available for 80% loan guarantees. DEED sets aside 25% of the value of enrolled loans in a loan guarantee trust fund.

Table 2 – Round 2 Partner Organizations Awarded						
Organization	Region	Leveraged Grants	Admin	Total Award (\$) <sup>3</sup>	Lending Capacity <sup>4</sup>	Non-state Matching (\$)
Northland Foundation	Greater Minnesota	\$3,300,000	\$132,000	\$3,432,000	\$3,305,600	\$29,214,079
Northwest Minnesota Foundation	Greater Minnesota	\$2,103,846	\$84,154	\$2,188,000		\$ 86,450,000
Southern Minnesota Initiative Foundation	Greater Minnesota	\$2,250,000	\$90,000	\$2,340,000		\$18,590,000
Southwest Initiative Foundation	Greater Minnesota	\$1,760,577	\$70,423	\$1,831,000		\$8,283,333
West Central Initiative	Greater Minnesota	\$3,348,077	\$133,923	\$3,482,000		\$193,185,000
Winona Area Chamber	Greater Minnesota	\$961,538	\$38,462	\$1,000,000		\$22,350,000
<b>TOTAL</b>		<b>\$35,315,385</b>	<b>\$1,412,615</b>	<b>\$37,441,600</b>	<b>\$22,121,600</b>	<b>\$448,047,412</b>

Table 3 – Geographic Request vs Distribution of Funding (Rounds 1 and 2)				
Region	Total Request (\$)	Total Request (%)	Total Award (\$)	Total Award (%)
Twin Cities Metro	\$68,440,840	47%	\$47,516,000	60%
Greater Minnesota	\$77,456,653	53%	\$32,184,000	40%
<b>Total</b>	<b>\$145,897,493</b>	<b>100%</b>	<b>\$79,700,000</b>	<b>100%</b>

## Application Process: Round 3

The third round RFP was released at 3:00pm (CST) on October 21, 2024, and proposals were accepted from that date until 4:00pm (CST) on November 22, 2024. One informational webinar was hosted virtually on October 31, 2024 with the recording available online.

In the third round of funding, DEED received 15 proposals requesting \$17 million in funding for grants. No loan guarantees will be awarded as part of this round. Approximately 32% of the requested funds originated from organizations serving the Twin Cities Metropolitan Area and 68% originated from organizations serving Greater Minnesota. Nine previous grantees chose to reapply for funding in this round.

Based on funding being returned from the first two rounds, there is \$6,184,589 available for the third round.

## Proposal Evaluation and Selection: Round 3

A review committee evaluated each proposal on a 100-point scale. The review committee was composed of grant and subject matter experts at DEED and one community reviewer. Final recommendations were under review at the time of this report.

## Partner Organizations (All Rounds)

Organization	Description of MSERP Funding Program
African Career, Education & Resource (ACER), INC, Brooklyn Center	Provides access, equity, opportunity to African Immigrants in the north and northwest suburbs of Minneapolis. Their project will provide grants to businesses in commercial corridors in Brooklyn Park and Brooklyn Center to support economic recovery from the impacts of COVID-19 outbreak and social unrest in the area.
Center for Economic Inclusion, Saint Paul	The Center for Economic Inclusion is a nonprofit organization focused on closing racial employment, income, and wealth gaps, and building racially inclusive and equitable regional economies. The Center for Economic Inclusion will work with NEOO Partners, the Mustard Seed Fund, and Ramsey and Hennepin counties to support Black- and Latino-owned small businesses with financing to spur commercial development and redevelopment along specified metro corridors.
Chinese American Chamber of Commerce, Bloomington	The Chinese American Chamber of Commerce (CACC-MN) is a nonprofit serving Asian American small businesses and community development in Minnesota. Through this funding CACC-MN plans to support economic development and redevelopment projects that deliver the most economic impacts in specified West Metro and West Metro suburban areas with the greatest needs due to conditions that have risen since March 15, 2020.
Destination Medical Center Economic Development Agency, Rochester	The Destination Medical Center Economic Development Agency supports the Destination Medical Center initiative in collaboration with the City of Rochester, RAEDI, and the DMC Corporation. This second round of funding will expand their Main Street Economic Revitalization initiative to provide grants to businesses on the outside of Rochester's central business district to support economic recovery from the impacts of the COVID-19 outbreak.
Duluth Local Initiatives Support Corporation Inc., Duluth	Engages in neighborhoods with the highest racial and economic disparities in Duluth to provide a diverse range of loan and equity products for affordable housing, commercial real estate, community facilities, and business development. Their project will provide grants to businesses in the Downtown/Hillside area and the Aviation corridor to support economic recovery from the impacts of the COVID-19 outbreak and major employer closures.

Faribault Area Chamber of Commerce and Tourism	The Faribault Area Chamber of Commerce and Tourism has served area businesses since 1913. The Chamber advocates for businesses and builds community alliances with the goal of promoting growth and prosperity in the Faribault community. Working with partner organizations, the Faribault Area Chamber of Commerce and Tourism will provide grants to support economic development projects that deliver significant revitalized impact to the Faribault downtown area.
Greater Mankato Growth, Inc. Foundation	The Greater Mankato Growth, Inc. Foundation is a 501(c)3 foundation managed by Greater Mankato Growth, Inc. (GMG) – an organization focusing on supporting and promoting economic growth in the Greater Mankato area. Through this funding GMG will provide grants to businesses to support economic recovery from the impacts of the COVID-19 outbreak within key commercial corridors in the Greater Mankato area.
Heartland Lakes Development Commission, Park Rapids	The Heartland Lakes Development Commission facilitates economic growth in the region that includes Park Rapids, Nevis, Dorset, and Lake George. This second round of funding will expand their program to the City of Akeley, and to provide grants to additional businesses in the commercial districts of Park Rapids, MN and support economic recovery from the impacts of the COVID-19 outbreak.
Initiative Foundation	The Initiative Foundation is a Regional Community Foundation supporting economic and community development in 163 cities and 14 Counties across Central Minnesota. The foundation plans to support economic recovery projects in some of the following downtown/main street corridors: Little Falls, Cold Spring, Long Prairie, Brainerd, St. Cloud/East St. Cloud and Pine River.
Northland Foundation	The Northland Foundation is a foundation serving seven northeastern Minnesota counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis, and all or parts of five Native nations with shared geography: Bois Forte Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, and Mille Lacs Band of Ojibwe. The foundation plans to support economic development and redevelopment projects that deliver the most economic impact for the rural communities and Tribal Nations of Northeast Minnesota, with the greatest needs due to conditions that have risen since March 15, 2020.
Northwest Minnesota Foundation	Northwest Minnesota Foundation is one of the six Minnesota Initiative Foundations and serves the Northwest Minnesota community. Their project plans to provide grants and loans to businesses within the commercial corridors of Bemidji, East Grand Forks, and the Highway 59 corridor within White Earth Nation boundaries, to support economic recovery from the impacts of the COVID-19 outbreak.
Saint Paul and Minnesota Foundation	Collaborates with communities across Minnesota in identifying, convening around, and advocating for critical issues that affect the world today. Their project will provide grants to business in the Snelling-University-Rice Cultural district, East Side and West Seventh commercial corridors to support economic recovery from the impacts of social unrest and the COVID-19 outbreak.
Southern Minnesota Initiative Foundation	Southern Minnesota Initiative Foundation invests for economic growth in the 20 counties of south central and southeastern Minnesota. Their project will provide grants in the hospitality, retail, and childcare industries specifically in the commercial corridors of Northfield, Blooming Prairie, and other Southern Minnesota regions to support economic

	recovery from the impacts of the COVID-19 outbreak and natural disasters since March 15, 2020.
Southwest Initiative Foundation	Southwest Initiative Foundation is a rural, regional community foundation serving the 18 counties and two Native Nations of Southwest Minnesota. Their project will expand on their existing funding to provide grants to businesses in the commercial corridors of Willmar, Marshall, and Montevideo to support the economic recovery from the impacts of COVID-19.
The Minneapolis Foundation	The Minneapolis Foundation is a community foundation supporting efforts to address the greatest civic, social, and economic needs of Minneapolis and surrounding communities through grantmaking, research, advocacy, and donor services. Their project will expand on their existing funding to include partnering with MEDA and others to provide grants and loans to businesses in expanded areas of Minneapolis and surrounding areas impacted by the social unrest of summer 2020 and impacts due to the COVID-19 pandemic.
Virginia Community Foundation, Virginia	Supports the economic vibrancy of the city of Virginia in Northeast Minnesota. Their project will provide grants to businesses in the commercial corridors of Virginia to support economic recovery from widespread damage due to fire and the impacts of the COVID-19 outbreak.
West Central Initiative	West Central Initiative is a nonprofit community foundation that serves the western Minnesota region. Their project plans to support corridors and communities that were significantly impacted by COVID-19 shutdowns and whose economies rely on summer tourism from the West to the lakes area, including communities of Browns Valley and Morris, and communities intersected by State Highway 10 from Moorhead to Bluffton.
Winona Area Chamber of Commerce	The Winona Area Chamber of Commerce is a 501(c)3 that plans to provide grants to qualifying businesses/capital development projects in downtown Winona, with the goal of supporting the economic recovery from the impacts of the COVID-19 outbreak.

## Program Activity

As of February 3, 2025, all 18 revitalization partners have launched their programs over the course of the first two rounds of funding. A total of 615 grants have been awarded totaling \$66,508,923, leveraging \$745,421,602 in matching funds. Based on analysis by the grantees, the programs are projected to impact 8,832 jobs and result in a net tax base increase of \$414,529,646.

In addition to the grants, 2 projects have participated in the guaranteed loan program, enrolling \$2,187,500 in loans with \$1,750,000 set aside in guarantees. This guarantees the loan amounts at 80%.

The plan for the program was to provide for the guarantees to encumber 25% of the loan amounts; however, due to low participation levels, sufficient funding was not set aside to cover the loans at 80%. Additional funds were needed to guarantee the loan amounts so leftover loan funding from the first two rounds was added to increase the loan guarantee trust fund to \$1,750,000.

After increasing the loan guarantee trust fund to a more appropriate amount, additional funding from the loan guarantee program remained. This leftover funding has been added to the total for Round 3. No new loan guarantees were requested in Round 3 and this additional funding is being used towards the grant portion of the program.

Based on Round 3 proposals it is expected that between 86 and 127 additional projects will be awarded through the remaining amount of funding. Rounds 1 and 2 are not expected to award any additional projects.

## Performance Measurement

Performance measurement is a critical element of accountability for public resources. During the funding period, DEED will enhance its review and evaluation of program performance by examining the multiple performance data reported to DEED.

Performance Measure	Current Activity (As of 2/3/2025)	Projected Activity (6/30/2026) *
Total number of projects	615	701-742
The total leverage of state to matching funds	\$745,421,602	\$873,900,772
Projected increase in the tax base of communities served	\$414,529,646	\$485,977,032
The number of jobs created and retained	8,832	10,354
Average wages	\$21.28	N/A

\*Projections based on all funded being awarded and averages of program activity through 2/3/2025.

These critical performance indicators, along with quality demographic data, will highlight the comprehensive work that partners organizations perform.