

August 20, 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 Emerging Entrepreneur Loan Program 2024 Annual Report

Dear Legislators:

As required by Minn. Stat. § 116M.18 Subd. 8, please find enclosed the Emerging Entrepreneur Loan 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.

Regards,



Matt Varilek
Commissioner

Enclosure

CC: Governor's Office
Legislative Reference Library



Emerging Entrepreneur Loan Program

2024 Annual Report

As Required by Minn. Stat. § 116M.18 Subd. 8

June 20, 2025

Contact Information

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Great Northern Building
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St. Paul, MN 55101

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As requested by Minnesota Statute 3.197: This report cost approximately \$1028.62 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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Program Background

The Minnesota Emerging Entrepreneur Loan Program (EELP) is established to award grants to a network of nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities. Loans made pursuant to this program are intended to encourage private investment, provide jobs for minority and low-income persons, create and strengthen minority business enterprises, and promote economic development in low-income areas.

Loan amounts range from \$5,000 to \$150,000 at an interest rate not to exceed the Wall Street Journal prime rate plus two percent subject to a maximum rate of ten percent. Lenders may charge a loan origination fee not to exceed one percent of the loan value. To ensure equitable distribution of lending capital in Greater Minnesota, loans are made to start-up and expanding businesses throughout the state with an approximately equal dollar amount of loans being made to businesses in the Twin Cities Metro as in Greater Minnesota from July 1 through March 31 each year. From April 1 through June 30 of each year, lending can occur without regard to business location. The state contribution toward a loan must be matched by at least an equal amount of new private investment and may not be used for retail development projects. Up to ten percent of a loan's principal amount may be forgiven if the borrower has met lender and agency criteria. If the business is classified as a *Beginning Microenterprise*, a match of private investment is not required and retail development projects are allowed. Beginning Microenterprises are start-ups with less than two years of revenues and less than five employees. Loan amounts for Beginning Microenterprises may be made for \$5,000 up to \$40,000 and, if the business is located in a low-income area, loans may be made for \$5,000 up to \$55,000.

As businesses repay loans, lenders return the EELP share of principal to the program's revolving loan fund so that the Department of Employment and Economic Development (DEED) can provide additional allocations to lenders for the purpose of funding additional loans.

History

The EELP was created by the legislature during the 2016 session. The program is the successor to the Minnesota Urban Initiative Loan Program, which was created in 1994 to assist small businesses located in low-income areas of the Twin Cities Metro. Under EELP, the program was expanded to the entire state and became focused solely on the identified underserved targeted groups.

In September 2016, and then again in September 2021, DEED solicited lenders by publishing a request for proposals to participate in the program and deliver EELP funds to businesses. In 2016, applications were received from 25 organizations and 23 were approved by the grant review panel. In 2021, DEED received 27 applications and 26 were approved. The review panel included DEED staff and community reviewers. Funds are disbursed to lenders as DEED approves loan packages submitted by the lenders. The first loan under the program was approved in March 2017.

During the 2024 legislative session, Minn. Stat. 116M.18 was amended to include the following: Tribal economic development entities and community development financial institutions (CDFIs) as eligible lenders; a Preferred Partner designation was added to facilitate more efficient loan approvals and these lenders do not require commissioner approval prior to approving and closing loans; the addition of loan forgiveness of up to ten percent of the principal amount based on criteria approved by the commissioner, including payments being current for two years; reducing the maximum loan interest rate to ten percent or Wall Street Journal prime rate plus two percent, whichever is lower. The changes also allowed for administrative services for lenders equal to one percent of the loan value for every loan closed in lieu of interest on loans.

The program received a total of \$7.86 million in appropriations spanning state fiscal years 2017 through 2025. The funds are supplemented by repayments made under the program. The program most recently received an appropriation of \$1 million in each year of the 2024-2025 biennium.

Loan Activity

During the calendar year ending December 31, 2024, EELP awarded \$2.33 million for 71 projects, leveraging \$22.96 million in non-DEED financing, as detailed in Appendix A. This 2024 report is based on a calendar year. Previous reporting years were based on the state fiscal year ending June 30.

For the six-month reporting period from July 1, 2023, through December 31, 2023, EELP awarded \$1.01 million for 33 projects leveraging \$9.61 million in non-DEED funds. A summary is shown below in Table 1. Since program inception, more than \$13 million in EELP loans have been issued.

Table 1 – Loan Activity and Amount of Private Capital Leveraged

Time Period	Amount Awarded	Number of Awards	Amount of Private Capital Leveraged
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Calendar Year 2024	\$2,330,000	71	\$22.960,000
July 1, 2023, through December 31, 2023	\$1,010,000	33	\$9,610,000
State Fiscal Year 2023	\$2,950,000	69	\$15,800,000
State Fiscal Year 2022	\$1,720,000	44	\$17,910,000

Targeted Groups

EELP funds must be used to finance businesses owned and operated by individuals with qualifying characteristics. The loan applicant must certify that individuals who own and operate at least 51 percent of the business belong to at least one of the five targeted groups: minorities, individuals experiencing low-income, women, veterans, and persons living with disabilities. Low-income borrowers must be below eighty percent of median income, adjusted for family size, for their county of residence as of their most recent tax return.

The two groups most served by the program statewide in 2024 were minority individuals and women. One of the businesses that was awarded EELP funds is owned and operated by a person living with disabilities. That project leveraged \$1.78 million in private funds. Businesses owned and operated by individuals experiencing low-income represented seven of the awarded loans and leveraged \$565,000 in private funds. Businesses may claim more than one qualifying characteristic.

Thirty-seven of the EELP loans were made in Greater Minnesota. Of those, 23 borrowers identified as women and 12 borrowers identified as minorities. Four of the loans in Greater Minnesota included owners that identified as women and minorities. Three borrowers were veterans and one was experiencing low-income.

Thirty-four of the EELP loans were made in the Twin Cities Metro area. Of those, 26 borrowers identified as minorities and 16 borrowers identified as women. Of these two groups, 10 identified as both women and minorities. Four borrowers were veterans and three were experiencing low-income.

See Appendix B for a map of 2024 awards made statewide.

Borrower Industries

EELP funds have been used to finance businesses in nine sectors. Since the program began, the following sectors have been represented: Trade, Transportation and Utilities, Education and

Health Services, Leisure and Hospitality, Manufacturing, and Other Services. Examples of products and services provided by EELP businesses include:

- Trade, Transportation and Utilities: Clothing boutique, wholesale natural foods, solar panel installation, non-emergency medical services transport, trucking
- Education and Health Services: Childcare, assisted living, birth center, dance studio
- Leisure and Hospitality: Motel, restaurants, gun range, campground
- Manufacturing: Food/beverages, bath/cleaning products, heavy equipment parts, clothing
- Other Services: Auto body repair, yoga studio, pet care, salon

Job Creation

In 2024, 404 net new jobs were created of which 229 jobs were filled by minority persons. This information was obtained from 19 of the 26 lenders that provided data about jobs. Lenders asked businesses with loan balances for the total number of part-time and full-time positions they employed as of December 31, 2024. Lenders also asked businesses to provide the number of jobs filled by minority persons. Net new jobs were calculated by subtracting the number of positions reported at the time of application from the total number of positions reported on December 31, 2024. Lenders were unable to obtain responses from all businesses that received loans, so these job numbers only reflect reported data. Insufficient data was obtained on job creation for low-income persons due to the sensitive nature of an employer asking employees to disclose household income and/or additional personal income.

Jobs reported in this section may not include business owners as they often are not classified as employees. However, it is important to recognize that businesses typically generate income and wealth for the owners – another important program benefit in addition to job creation.

Lender Activity

Of the 26 lenders that were authorized to provide EELP loans to qualified businesses in their current grant contracts effective in 2021, 23 have participated in the program through December 31, 2024. Since the effective dates of the 2021 contracts through December 31, 2024, lenders made 212 loans and provided more than \$7.80 million of EELP funds to eligible businesses. The average size of each loan for each lender varied significantly, as shown in Table 2. Other variations include geographic regions, industries and targeted populations served. Thirteen of the lenders exclusively serve portions of Greater Minnesota and the remaining 13 lenders serve either just the Twin Cities or a combination of the Twin Cities and Greater Minnesota. See Appendix B for a map of 2024 awards made statewide.

Lenders were asked to report on outreach efforts to the program’s target groups in 2024. The most common outreach activities included open office hours, trainings, presentations, and social media. Other less common outreach activities to the program’s target groups included ethnic radio, newsletters, mailings, in-person visits to businesses, and word of mouth. Lenders also submitted internal financial audits, updated loan policies, board and loan committee member rosters, and details of administrative and technical assistance expenses.

Table 2 – Emerging Entrepreneur Loan Program Lender Activity through December 31, 2024

Lender	Number of Projects	EELP Funding Used
African Development Center	19	\$ 619,000
African Economic Development Solutions	5	\$ 97,500
Central Minnesota Development Company	15	\$ 1,734,500
Community and Economic Development Associates	1	\$ 50,000
Entrepreneur Fund	50	\$ 1,178,839
First Children’s Finance	10	\$ 350,000
Greater Bemidji	1	\$ 75,000
Headwaters Regional Finance Corporation	3	\$ 325,000
Initiative Foundation	0	\$ 0
Latino Economic Development Center	15	\$ 350,000
Metropolitan Consortium of Community Developers	1	\$ 100,000
Metropolitan Economic Development Association	2	\$ 177,500
Midwest Minnesota Community Development Corp.	2	\$ 75,000
Neighborhood Development Center	4	\$ 130,000
New Americans Development Center	4	\$ 115,000
NextStage	36	\$ 1,084,250
North Central Economic Development Association	2	\$ 60,000
Northland Foundation	5	\$ 257,500
Northside Economic Opportunity Network	1	\$ 20,000
Northwest Minnesota Foundation	0	\$ 0
Rochester Area Economic Development, Inc.	1	\$ 100,000

Seward Redesign, Inc.	1	\$ 28,000
Southern Minnesota Initiative Foundation	9	\$ 129,000
Southwest Initiative Foundation	18	\$ 542,950
WomenVenture	7	\$ 205,000
Worthington Regional Economic Development Corp.	0	\$ 0

Program Assets and Liabilities

As of December 31, 2024, total loans receivable for DEED were \$8.12 million. The liabilities for the lenders are the outstanding loan principal from loan funds awarded to borrowers through EELP. Loan funds are considered non-recourse to lenders and they are not obligated to repay the portion of any loan that is subject to default if all reasonable collection efforts were undertaken. Interest earned on loans may be kept by the lender and are restricted funds that can only be used for administrative and technical assistance (TA) related expenses. The total amount of interest used by lenders for administrative and TA expenses in 2024 was \$337,000. Lenders are allowed to charge up to one percent of the loan value for each loan and there are no restrictions on those funds. The total amount of administrative expenses used by lenders under this allowance was \$2,665.

Contact Information

For more information on the Emerging Entrepreneur Loan Program, please contact: Karen Schwieso, Senior Loan Officer at Karen.schwieso@state.mn.us or Jason Burak, Manager of the Small Business Unit at Jason.burak@state.mn.us or Stephen Wolff, Interim Executive Director of the Office of Business Finance at Stephen.wolff@state.mn.us.

Appendix A – 2024 Loan Detail

Operating Company	Lender	Award Date	Award Amount	Leverage	Geographic Region	
					Gtr MN	TC
Alphabet Child Care Center L.L.C.	NextStage	1/4/24	\$50,000	\$238,000		x

Sayoo Transportation LLC	African Economic Development Solutions	1/9/24	\$12,500	\$55,500		x
Elite School Transportation LLC	African Economic Development Solutions	1/9/24	\$35,000	\$90,000		x
Design Eye-Q L.L.C.	Entrepreneur Fund	1/11/24	\$10,170	\$10,170	x	
Minne's by Veli'D LLC	NextStage	1/11/24	\$8,200	\$14,800		x
Nolby BC, LLC RE Holding - Jam Hops Gymnastics Factory, Inc.	Central Minnesota Development Company	1/24/24	\$150,000	\$5,780,000		x
Eds Chop Shop LLC	Southern Minnesota Initiative Foundation	2/6/24	\$17,500	\$10,500	x	
Partners in Care Inc.	African Development Center	2/12/24	\$30,000	\$30,000		x
Harty Manufacturing Inc.	Southern Minnesota Initiative Foundation	2/12/24	\$30,000	\$40,000	x	
6th Street Logistics LLC	Southwest Initiative Foundation	2/15/24	\$40,000	\$830,272	x	
Dream Cloud Coffee Roasters LLC	Entrepreneur Fund	2/20/24	\$25,000	\$25,000	x	
Ritual Salad LLC	Entrepreneur Fund	2/20/24	\$15,240	\$0	x	
Roots Midwifery L.L.C.	NextStage	2/20/24	\$47,000	\$1,650,897		x

Mini Market Lupita, LLC	Southwest Initiative Foundation	2/27/24	\$32,500	\$44,500	x	
Clearwater Capital LLC	Northland Foundation	3/4/24	\$50,000	\$170,000	x	
Soren Aster Art LLC	NextStage	3/12/24	\$20,000	\$25,000		x
Flow Hair & Beauty LLC	African Development Center	3/14/24	\$25,000	\$5,000		x
The Altered Abode LLC	Entrepreneur Fund	3/20/24	\$10,185	\$15,422	x	
Hammer Fit Gym Inc.	Headwaters Regional Finance Corporation	3/20/24	\$100,000	\$355,000	x	
Lending Touch L.L.C.	African Development Center	3/22/24	\$34,000	\$5,000		x
Bill's Gym LLC	Southern Minnesota Initiative Foundation	4/4/24	\$11,999	\$14,073	x	
The Arch Haus LLC	NextStage	4/5/24	\$11,000	\$1,680		x
Woodsy Creative Co. LLC	Entrepreneur Fund	4/11/24	\$8,180	\$0	x	
Jay Jay Trucking, LLC	Southwest Initiative Foundation	4/15/24	\$13,000	\$37,000	x	
Seen and Heard Individual and Family Therapy LLC	Entrepreneur Fund	4/15/24	\$14,500	\$500	x	
Kellie Stevens dba Gypsy Reflection	Entrepreneur Fund	4/16/24	\$11,267	\$500	x	
Ridlon Law Company, PLLC	Northland Foundation	4/20/24	\$50,000	\$270,000	x	

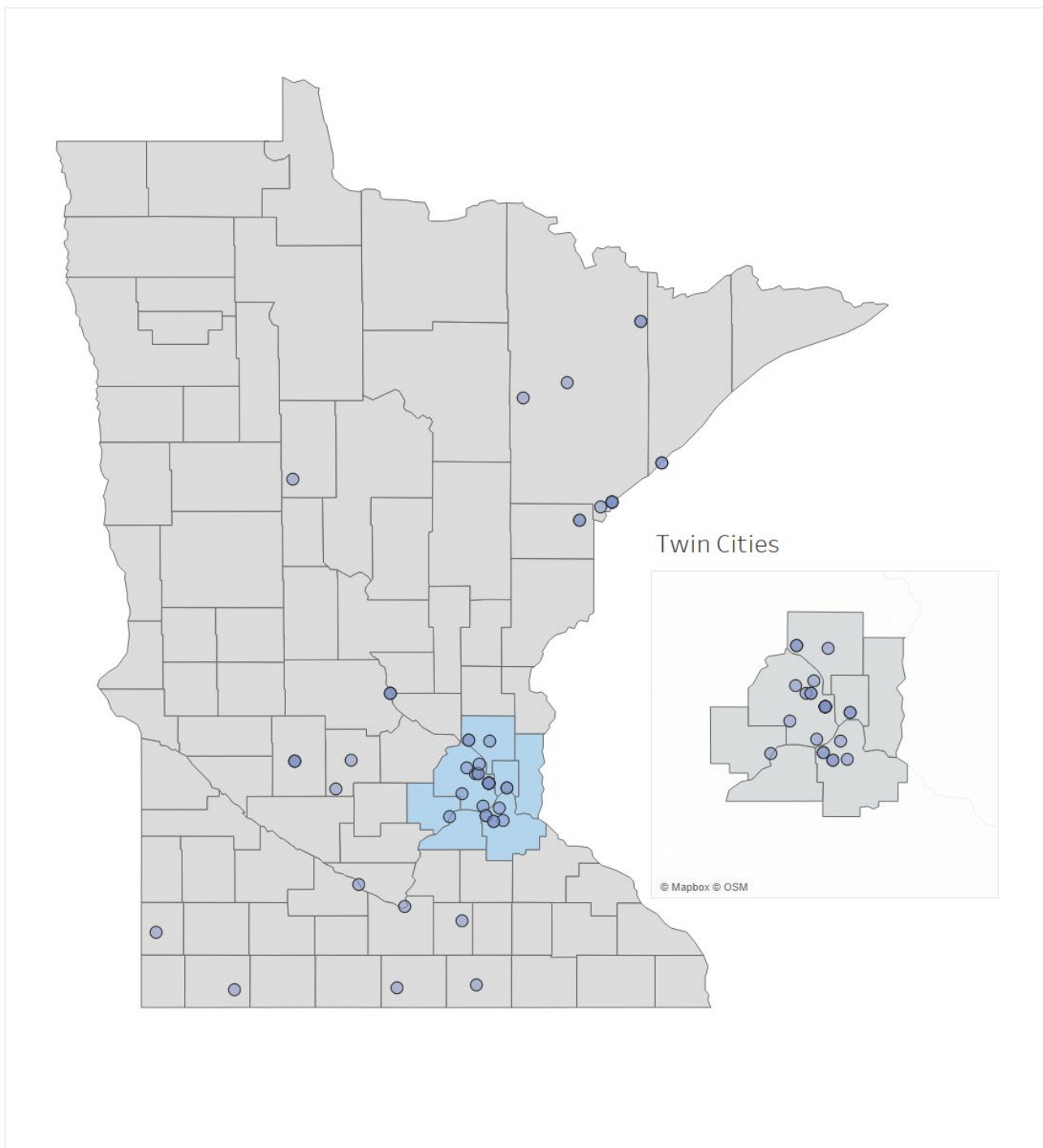
Performance Tire Services LLC	African Development Center	4/19/24	\$50,000	\$41,468	x	
Lucky Charms Childcare & Preschool, LLC	First Children's Finance	4/30/24	\$82,500	\$1,375,267	x	
Black Dog Kayak and Sup LLC	Entrepreneur Fund	5/2/24	\$14,775	\$500	x	
The Loon's Nest Coffee Shop L.L.C.	Entrepreneur Fund	5/6/24	\$50,000	\$6,000	x	
D. Luxe LLC	WomenVenture	5/8/24	\$25,000	\$25,000		x
Gypsy Bowls LLC	Southwest Initiative Foundation	5/13/24	\$30,000	\$69,000	x	
White & Sable LLC	Central Minnesota Development Company	5/14/24	\$150,000	\$5,555,000		x
Morgan Grayhawk LLC dba Heavens Earth Massage	Entrepreneur Fund	5/16/24	\$15,151	\$0	x	
Abduction Ink L.L.C.	Southern Minnesota Initiative Foundation	5/20/24	\$8,001	\$10,999	x	
Svalja Whole-Being LLC	Entrepreneur Fund	5/22/24	\$25,415	\$25,000	x	
BWCA Wolf Pack LLC dba North of North	Northland Foundation	5/23/24	\$50,000	\$1,775,000	x	
CW Hauling LLC	NextStage	5/29/24	\$30,000	\$120,000		x
Rendezvous LLC	Southwest Initiative Foundation	5/31/24	\$44,000	\$542,450	x	
Monika Berndt dba The Little Red Hen	Entrepreneur Fund	6/3/24	\$12,900	\$12,900	x	

Bien Dorados LLC	Latino Economic Development Center	6/27/24	\$25,000	\$0		x
Prep Club & Company LLC	WomenVenture	7/1/24	\$30,000	\$30,000		x
Kings Minnesota	Latino Economic Development Center	7/3/24	\$35,000	\$15,000		x
Beautiful Beginnings Learning Center LLC	First Children's Finance	7/10/24	\$50,000	\$418,800		x
Hayden Health Resources LLC	African Development Center	7/22/24	\$35,000	\$15,000		x
Legacy Land Holdings, LLC	Entrepreneur Fund	7/23/24	\$18,250	\$18,750	x	
Dhamays Beauty Salon LLC	African Development Center	7/31/24	\$35,000	\$35,000	x	
Hola LLC	Latino Economic Development Center	8/5/24	\$35,000	\$90,000		x
Danica Holscher, Nurse Practitioner Medical Aesthetics LLC	NextStage	8/8/24	\$35,000	\$39,090		x
JA2 Properties LLC RE Holding - Hands, Hooves and Hearts Therapeutic Services LLC	Central Minnesota Development Company	8/9/24	\$100,000	\$1,547,000		x
KMC Equestrian LLC	Entrepreneur Fund	8/19/24	\$49,000	\$492,000	x	

Fardowsa Candles, LLC	African Development Center	8/27/24	\$25,000	\$3,500		x
Family Construction LLC	Southern Minnesota Initiative Foundation	9/4/24	\$11,500	\$16,500	x	
Lopez Properties, LLC	Southwest Initiative Foundation	9/9/24	\$33,500	\$327,500	x	
Jesse Trujillo dba 100% Advisory Men's Haircuts	NextStage	9/9/24	\$13,250	\$13,250		x
23 de Mayo LLC	Latino Economic Development Center	9/10/24	\$17,500	\$12,500		x
Jessica Lee PLLC dba Clary Clinic	Entrepreneur Fund	9/11/24	\$30,405	\$500	x	
Cassian Rweyendera dba Rise Up to Shine Handyman & Cleaning	African Development Center	9/20/24	\$25,000	\$25,000		x
Patience N Bubbles L.L.C.	First Children's Finance	9/25/24	\$25,000	\$25,163		x
Generation Grace Academy LLC	First Children's Finance	9/25/24	\$25,000	\$45,000		x
Millennium Fashion Store LLC	African Development Center	9/27/24	\$25,000	\$20,750		x
Ricos Tacos LLC	Southwest Initiative Foundation	10/24/24	\$25,000	\$162,000	x	
Clean Sweep Lawn Snow and Homes LLC	Entrepreneur Fund	11/15/24	\$10,595	\$500	x	

Infinity Health MN LLC	African Development Center	11/19/24	\$50,000	\$0		x
Natural Me Apothecary LLC	Northside Economic Opportunity Network	11/14/24	\$20,000	\$39,000		x
Tone Music LLC	Southern Minnesota Initiative Foundation	11/22/24	\$17,500	\$187,702	x	
Una Rakki LLC	Entrepreneur Fund	11/20/24	\$25,000	\$500	x	
Hanan Collection LLC	African Economic Development Solutions	11/22/24	\$12,500	\$65,225		x
Cush Glow LLC	African Economic Development Solutions	12/11/24	\$12,500	\$12,500		x
Dukarani Food Processing	African Economic Development Solutions	12/11/24	\$25,000	\$25,000		x

Appendix B – 2024 Awards Map



Note: Each location marker on the map may include multiple loans.