

**Recap of the Joint East Town Business Partnership and
Minneapolis Downtown Council/Downtown Improvement District Business Forum
Tuesday, December 19, 2017, 11:30 a.m. – 1:00 p.m.
Day Block Event Center, 1105 Washington Avenue South, 2nd Floor
Downtown East Neighborhood of Minneapolis**

- **Welcome, Announcements and List of Attendees**

Dan Collison, Executive Director of East Town Business Partnership and Director of Downtown Partnerships for Minneapolis Downtown Council/Downtown Improvement District, welcomed the audience to the December joint business forum on Innovative Business Models and Startups, and extended gratitude to Jeff Hahn, owner of Day Block Event Center and ETBP Board Member, for hosting, and WeWork (<https://www.wework.com/l/minneapolis>) for being the supporting sponsor.

He referenced the Curbed article (<https://www.curbed.com/2017/11/28/16709820/minneapolis-big-build-super-bowl-52>) he believes captures all of the ongoing investment and redevelopment happening in East Town and commented we're reaching for holistic development, a symphony orchestrated to best practices so as development continues it builds the complete picture of what we want to be. This is possible because leadership from our members is here to ensure we accomplish development not only through large-scale corporate participation but also through small- and medium-scale grass roots innovative participation.

Steve Cramer, President and CEO of the MDC/DID, welcomed the audience and explained they are entering their third year of a successful partnership with the ETBP. Then he announced the following MDC events:

- Entering into the final weekend of Holidazzle (<http://www.holidazzle.com/>). The appropriately titled movie The Polar Express will be shown on Thursday evening, December 21st and fireworks will close out the event on Saturday, December 23rd.
- Wells Fargo WinterSkate in Loring Park continues through Holidazzle and beyond through March 4, 2018 (<https://www.mplsdowntown.com/winterskate/>), and Mascot Skate on Saturday, January 6th.
- The first member event of 2018 is Coffee & Conversation with Ward 3 Council Member Steve Fletcher, Wednesday, January 17th, 7:30-8:45 a.m., Little and Company, 100 Washington Avenue South, Suite 1200 (<https://mplsdowntown.com/register-coffee-conversation-january-17/>).
- Their annual meeting will be on the Monday after Super Bowl LII, February 12th, 11:30 a.m.-1:30 p.m., Hilton Minneapolis (<https://www.mplsdowntown.com/event/mpls-downtown-council-annual-meeting/>).

Collison explained membership on the ETBP is inclusive and there's fluidity with the MDC as the overarching organization; membership on each is encouraged. They are especially grateful for the following platinum sponsors who make investment in staffing and program initiatives possible:

- Allied Parking
- CenterPoint Energy
- Clear Channel Outdoor
- Community Housing Development Corporation
- Delta Dental
- ESG Architects
- Hennepin County Medical Center
- House of Charity
- Kraus-Anderson
- Minnesota Vikings
- NRG Energy

- Padilla
- People Serving People
- Thrivent Financial
- U.S. Bank
- Valspar now Sherman-Williams
- Wells Fargo

Collison then announced the following events:

- *Thursday, January 18th, 11:30 a.m.-1:00 p.m. at Guthrie Theater.* Business forum on Helping Businesses Lead on Energy Efficiencies, Waste and Pollution Reductions with Heather Worthington, the City's new Director of Long Range Planning who will give an update on the 2040 Comprehensive Plan (<https://minneapolis2040.com/>), and Patrick Hanlon, Director of Environmental Programs.
- *Tuesday, January 16th, 9:00-10:00 a.m. at Padilla.* East Town Development forum on The Future of Autonomous Vehicles + New City Office Building with Tom Fisher of the Minnesota Design Center; Peter Brown, architect and consultant to the City; and Mark Ruff, the City's Chief Financial Officer.
- *Tuesday, January 23rd, 6:00-9:00 p.m. at Plymouth Congregational Church.* 2040 Comprehensive Plan Community Meeting (<https://minneapolis2040.com/additional-open-house-january-23-2018>).
- *Tuesday, January 31st, 9:00-10:00 a.m. at Fallon Worldwide.* Super Brain 2018, a benefit for Hennepin County Medical Center in support of brain injury research (<http://www.superbrain2018.org/>).
- *December 20, 2017-February 23, 2018, 5:00-8:00 p.m. at U.S. Bank Stadium.* Minnesota Indoor Stadium Running (<https://www.usbankstadium.com/events/detail/minnesota-indoor-stadium-running>)
- *Neighborhood Organization Meetings*
 - Downtown Minneapolis Neighborhood Association: For Land Use Committee and Board meetings, visit <http://www.thedmna.org/>.
 - Elliot Park Neighborhood, Inc.: For Building, Land Use and Housing (BLUH) and Livability Task Force meetings, visit <http://elliottparkneighborhood.org/>.

Following is the list of audience attendees:

Carina Aleckson, Catholic Charities Opportunity Center
 Kathleen Anderson, North Star Lofts
 Martha Archer, Mill City Farmers Market
 Dennis Bakken, Proverus
 Prentice Basten, WeWork
 Jessica Berg, MN Cup
 Marc Berg, J. Selmer Law
 Josh Braaten, Brandish Insights
 Tim Briggs, Padilla
 Cheryl Brinkley, B.Vocal
 Peter Bruce, Pedestrian Studies Consulting
 Elizabeth Campbell, Ryan Companies

Robert Clapp, Bridgewater Lofts
 Chris Fleck, North Central University
 Jennifer Gilhoi, SparkTrack Consulting
 Patrick Hager, Oppenheimer
 Roger Halverson, Matrix Resourcing
 Laurel Hansen, Metropolitan Association of Connected Communities
 Tom Hayes, Hennepin County Medical Center
 Dan Hine, University of Minnesota
 Joel Hodroff, DualCurrency Systems
 Ashley Ibach, Doherty
 Daniel Jacobson, Unleashed Displays
 Gena Janetka, Allied Parking
 Rachel Jensen, Hyatt Place Minneapolis/Downtown
 Kory Kingsbury, Renaissance Minneapolis/Residence Inn Minneapolis at The Depot
 Brandon Larson, cmd+M
 Hannah Maertz, Industrious Minneapolis/Downtown
 Brian, Maupin, Allied Parking
 Blaine McCutchan, Nibbles McCart
 Michelle Molstead, Nice Ride MN
 Timothy Mowbray, Excelen
 Danielle Nuyen, Bakertilly
 Nikki Peters, Studio 925
 Roger Raina, Daily and Business Computing, Inc.
 Lynn Regnier, Elliot Park Neighborhood, Inc.
 Sandra Rieger, Engel & Volkers
 Christie Rock Hantge, East Town Business Partnership
 Dean Sandberg, Vistage® Worldwide
 Justin Schiltz, Irish Titan
 Cathy Schmidt, Surfacequest
 Elizabeth Sherry, Culinaire
 Anne Snyder, Allied Parking
 Carletta Sweet, Downtown Minneapolis Neighborhood Association
 Al Swintek, CenterPoint Energy
 Eric Tostrud, Mayo Clinic Sports Medicine
 Zeke Vainer, Impact Hub MSP
 Paul Verrette, House of Charity
 Marybeth Weisberg, Minneapolis Downtown Council

- **City of Minneapolis New Small Business Office**

Zoe Thiel introduced herself as the Innovation Team Program Manager at the City of Minneapolis (<https://www.linkedin.com/in/zoe-thiel-664166b4>) and directed the audience to the multi-language Small Business Team contact information and Minneapolis Labor Standards handouts left at their tables.

Because businesses interact with the City in many ways, i.e., through licensing, business loans, technical assistance programs, permits, and regulatory processes, it can be tough to know where to go, who to talk to and how to get through the bureaucracy. That is why the SBT was created, i.e., provide direct assistance to small businesses in order to work through the City process, connect to resources, and answer questions they may have. The SBT can be the primary point of contact and intake on issues; it has relationships across the organization with City staff, CPED, Regulatory Services, Health, Public Works, etc. To get the word out about their services, they are first conducting corridor tours and door-to-door canvassing focusing primarily on where there are minority and immigrant owners and in areas categorized as “intervene” under the Great Streets Program (http://www.minneapolismn.gov/cped/ba/cped_great_streets_home). This winter they will be

conducting skyway outreach and thereafter they will outreach to all of the local business associations and technical assistance providers.

Collison reminded the audience it was in the City's 2017 budget to establish a small business support team to directly help small businesses navigate City processes

(<http://www.minneapolismn.gov/www/groups/public/@clerk/documents/webcontent/wcmssp-190977.pdf>).

- **Business Spotlight: Neighborhood Development Center**

Lisa Xiong, Director of Training, explained NDC has been in existence since 1993 and the Founder, Mihailo Temali, is still with the organization as its CEO. They believe the entrepreneurs within the neighborhoods they serve have the power, drive, daring and agility to transform lives and revitalize their neighborhoods. As such, they take an asset-based approach to business training in that they build upon and leverage the assets that already exist within the neighborhoods. A demographic snapshot of the Twin Cities area where they provide services reveals:

- St. Paul has:
 - 46% persons of color
 - 22% of total population below poverty
 - 19% foreign born
 - 16% African American
 - \$49K – median HH income
- Minneapolis has:
 - 40% persons of color
 - 21% of total below poverty line
 - 16% foreign born
 - 18% African American
 - \$50K – median HH income

NDC focuses on neighborhoods and ethnic communities with high levels of poverty and unemployment, i.e., 80% of their resources focus on the four lowest income neighborhoods in the Twin Cities. Fifty-one percent of NDC trainees are under 30% of AMI, and 81% are under 50% of AMI. Forty-one percent of NDC trainees have a high school degree or less. An additional 23% have up to 2 years of technical school or college.

Barriers that low-income inner city entrepreneurs face include language, access to business financing, relevant technical assistance, peer-to-peer networks, cultural and religious barriers, and trust in institutions. Through its business training, NDC helps to alleviate some of these barriers, e.g., Big Daddy's BBQ is the longest standing alumni who went through their first training back in the 1990s. The original founder is looking to retire and NDC is helping him to transition out and sell the business to the chef who has been with the business for a decade. NDC's other impact on the community includes:

- More than 5,290 aspiring entrepreneurs trained across the Twin Cities including North Minneapolis, South Minneapolis, Frogtown, East Saint Paul, and this year they're excited to add Elliot Park;
- Over 550 Plan It! Training program alumni are in business;
- More than 68,000 hours of small business consulting has been provided to more than 3,400 entrepreneurs; and
- NDC's flagship business "incubator," the Midtown Global Market, celebrated its 10 year anniversary in 2016 with 10 million visitors and \$100 million in business sales.

Lynn Regnier announced she is meeting with Xiong after the forum to schedule EPNI's spring training session and to stay tuned. For more information about NDC's services and partners, visit <http://www.ndc-mn.org/>.

- **Innovative Business Models + Startups Panel Discussion**

Collison introduced the four panelists by providing a background on each:

- Mary Rick, CEO of the Impact Hub MSP / FINNovation Lab (<https://minneapolis.impacthub.net/team/>);
- Jeff Hahn, CEO of Internet Exposure™ (<https://www.iexposure.com/>) and owner of Day Block Brewing Company and Event Center (<https://www.dayblockbrewing.com/>);
- John Stavig, MN Cup, Program Director of Gary S. Holmes Center for Entrepreneurship, U of MN Carlson School of Management (<https://carlsonschool.umn.edu/mn-cup/about/meet-the-team>); and
- Zach Robins, Co-founder of MNvest (<http://mnvest.org/>) and Associate at Winthrop & Weinstine, P.A. (http://www.winthrop.com/professionals/zachary_j._robins.aspx).

Then each in turn gave an overview of their innovative business models:

Impact Hub MSP / FINNovation Lab. Mary Rick advised she's a newbie to Elliot Park and East Town and very exciting about what is already happening and how they can help support innovation and the startup community here. They are building an awesome new space to help accelerate business for social good in the north. This project was inspired by (1) FINNEGANS co-founder Jacquie Berglund (<https://finnegans.org/jacquie-berglunds-bio/>) who wanted to build a center for social entrepreneurship in Elliot Park where her business has been based for 17 years; and (2) Impact Hub she helped bring to the Twin Cities a few years ago.

There are approximately 102 Impact Hubs globally all locally owned and operated. The 3,700 square foot prototype space in the North Loop has a small staff working to help social enterprises, different nonprofits and businesses that want to use the tools of business for social and environmental impact. Locally, they have about 100 members, hosted almost 400 events, and had thousands of people come through their North Loop space. They convene communities of practice (CoP) around impact investing and impact reporting, and are in development for tech for good, and sustainable food and agriculture in order to build relationships, facilitate peer to peer learning, spur action, and generate knowledge.

FINNEGANS gives 100 percent of its profits back to charity and feeding the hungry is its passion. It is active in five Midwestern states and works with different food banks. A new innovation is partnering with the food banks to find local farmers to ensure food is fresh and healthy.

FINNEGANS House is currently under construction on the Kraus-Anderson block and Rick, who has never been in the construction business, was given the opportunity to hire an architect and construction project manager for the first time to help fulfill Berglund's dream to be a deeper part of Elliot Park. It will house the best of the craft beer industry with a tap room on the ground floor and a unique brewer's den/social club for likeminded community leaders, the proceeds of which will fund the FINNovation lab and community work, i.e., an LLC coming together with a 501(c)(3). Rick will operate the Impact Hub on the 4th floor.

The FINNovation lab will be deepening into venture services, building a social business leader fellowship program, and working with NDC to build out a more robust neighborhood program. The Impact Hub will continue to have community workspace and events, CoPs, and impact investing ecosystem.

Internet Exposure™ / Day Block Brewing and Event Center. Jeff Hahn relayed how he arrived in the East Town. He acquired the building in 2005 (formerly Frank's Plumbing) and decided

to renovate and become part of the neighborhood with the intent of housing his web development agency, Internet Exposure, on the third floor. IE has been in business for about 22 years and does all kinds of web application development, marketing, omnipresence, and in recent years moved towards focusing on some of their own products and hopes to release a couple this year.

It was in 2007 when he finished remodeling the building and the market began to collapse and suddenly he had an empty building. After being asked by someone to rent out the second floor for a holiday party, and then by someone else for a wedding, a new business was born. In 2009 they began renting it out as an event space and to date they have had over 600 weddings.

For the first few years of ownership, there was a restaurant on the first floor, but when it failed the opportunity arose to continue to be a landlord or to open a brewing company which was borne out of his modest skills of learning how to brew in the 1990s, giving it up because he was terrible at it, and coming back to it in 2010. When this opportunity presented itself, the laws had changed in Minnesota so they decided to undertake it. The brewing company on the first floor and the event center feed off of each other bringing in business for each space and, being immersed in marketing and the web, they were able to promote the website and businesses to make sure people had the ability to find them.

Holmes Center for Entrepreneurship. John Stavig advised they are a hub for innovation and entrepreneurship at the University of Minnesota as well as throughout the community and their mission is to inspire and educate the next generation of entrepreneurs through unique experiential courses, technological training, and outreach programs. Stavig then described their longest standing program, the MN Cup (<https://carlsonschool.umn.edu/mn-cup>), which evolved in 2005 shortly before he returned to the U of MN. Two alumni essentially hijacked what was a student business plan competition that helped a few dozen students each year but had a fairly limited impact. Their breakthrough idea was to take this program and make it an economic development engine for the entire state, make it available as a free resource for any startup company. It was Dan Mallin's (https://en.wikipedia.org/wiki/Dan_Mallin) vision that it be the first step in launching any business in Minnesota.

Stavig joined spring of 2005 when Governor Pawlenty (http://www.invent1.org/bti_newsrelease.pdf) kicked it off and surprisingly about 600 entrepreneurs came from all over the state to participate. Fast forward 12 years and they have had over 13,000 entrepreneurs go through the program and the prize money has increased, i.e., \$2.5 million has been given out from which those companies that have gone one have raised over \$300 million in capital. The handful of mentors they began with has grown to more than 140, and they now have over 400 volunteers. It's cool walking into this room seeing not only a partner but a former participant and mentor in front of him; it has become part of the fabric of the entrepreneurial community of the Twin Cities.

They are a great vehicle to engage with not only startups organizations such as those who presented earlier, but with the larger corporations, professional services firms and groups who want to be involved. They consider themselves Switzerland and are completely free to be entrepreneurs and don't have to charge for their services, a great way to bring together the entire community and mobilize them in support of Minnesota entrepreneurs.

Every October on the first night of Twin Cities Startup Week, they throw a big party to announce the final MN Cup awards; mark your calendars for October 8, 2018 at the McNamara Alumni Center. On Tuesday, January 30th, the program will be showcased at Super Bowl LII. Targeted outreach includes Women in Entrepreneurship, the 5th annual conference to be held in April 2018, and food and agriculture.

The most pleasing aspect of this program is being able to go out in the business community and see startups that have gone through it and knowing we're a helpful step in getting them started. The cash prizes are often why people enter but the resources are really the value. They have also become

effectively the public relations firm, e.g., the January Twin Cities Business Magazine will have a 16-page spread highlighting all those startup companies; they want to showcase what's going on and emerging here.

Lastly, he introduced and directed the audience to Jessica Berg, Director of the MN Cup, as the person to contact for additional information and interest in participating.

MNvest. Zach Robins explained MNvest is a 501(c)(4) engaged in investment crowdfunding, i.e., raising capital, hopefully a lot of money in small amounts, for a private entity, i.e., the 97%, from the public. For the past 80+ years, the Securities and Exchange Commission (SEC) had laws that only allowed a credited investor to access private companies. Now, finally, anyone can invest in a company.

Kickstarter (<https://www.kickstarter.com/>) was the inspiration for what investment crowdfunding has become. It and similar sites have raised in excess of \$5 billion for companies' projects and campaigns since 2009. It is credible and Robins highly recommends people who need to raise capital to use; the drawback is the contributors receive a gift/reward/access to service but no equity/ownership of the company. In 2012 Congress passed the Jobs Act, and in 2014 Minnesota proposed and passed in 2015 MNvest which is for accredited and nonaccredited investors allowing 100% of the population to invest in private offerings.

They focus on traditionally local opportunities because it is a state-based law and consider it the democratization of investment, i.e., the whole crowd decides who is investable and who isn't and, as a result, they get to diversify the types of investors going into companies and the type of companies receiving funds. Some of the hopes of investment crowdfunding are that companies run by women and people of color will be able to access capital on a much more proportional rate, stimulate small business growth, and foster innovative ways to structure companies such as public benefit corporations and cooperatives.

Robins has been talking about MNvest since 2014 and a lot of people were excited but were naturally skeptical of anything new. This is perfect timing because they are 12 months into it; it was launched for the public in January 1, 2017. Progress thus far includes: 10 companies have used MNvest to raise capital from the public, 5 of which have closed on over \$750,000 in 2017 with an additional \$125,000 still in escrow; the federal law called regulation crowdfunding has seen a 35% success rate and MNvest has seen a 50% success rate. There are four approved portals that facilitate these offerings but they need ambassadors to help spread the word, portal operators, i.e., websites that are launching and focusing on a niche area, and issuers, i.e., companies to help raise capital. Then he encouraged the audience to help spread the word.

Thereafter, the panelists responded to questions posed by Collison and a couple from the audience.