

**Bloomington Urban Enterprise Association
Board Meeting Minutes
City Hall, McCloskey Conf. Room - 401 N. Morton St.
September 20, 2018**

ROLL CALL

Members Present: Paul Ash, Julie Donham, Jane Kupersmith, Margaret Fette, Jackie Yenna, Alex Crowley, Chris Sturbaum

Members Absent: Darcie Fawcett

City Staff Present: Mayor Hamilton, Brian Payne, Larry Allen, Laurel Waters

Guests: Mark Pinsky and Adina Abramowitz

APPROVAL OF MINUTES – August 18, 2018

Jackie made a motion to approve the minutes from August 18, 2018. Paul seconded the motion. The motion passed unanimously.

REPORTS FROM OFFICERS & COMMITTEES

- **Director's Report** – Brian stated he met with Toby Foster who is a co-founder of The Owlery Restaurant and who has an interest in joining the BUEA as a representative from small business which is Jackie Howard's former seat on the BUEA. This would be appointed by Common Council and he is working through the process.

Carol Gulyas is the other BUEA vacancy and that is a Mayoral appointment.

Julie was happy to hear this report as it has been a challenge to make sure there is a quorum.

- **Financial Report** – Bloomington Boogies will be getting their 2017 grant request payment for \$4,000. The Mills Pool bill came due and a check for \$952 has been given to the Parks Department.

Although there were only two 90 degree days, due to the lateness of the season, it was a popular program.

NEW BUSINESS – Confirmatory vote on 2018 Zone Arts Grants recommendations

Brian presented the 2018 BUEA Zone Arts Grant Funding Recommendations. There were applications totaling about \$80,000 worth of funding. There were fundable applications in the amount of \$47,000 with 13 applications being fully or partially funded for an amount of \$40,000.

Organization	Funding Request	Grant Amount	Discipline	Rationale
Girls Rock	3500	3500	Music	Full
Landlocked Music	4000	4000	Music	Full
Cicada Cinema	4000	4000	Film	Full
FlowMotion	4000	4000	Dance/performance	Full
Hopscotch Coffee	1500	1500	Visual/performance	Full
Midway Music Festival	4000	4000	Music	Full
Creative Glass	2300	2300	Glass/visual	Full
Cardinal Stage	4000	3000	Theatre	Partial – Production cost-concern from committee
Jazz @ Ifell	3500	3000	Music	Partial – deduced rent
The Bloomington Blues and Boogie Woogie Piano Festival	4000	2300	Music	Partial – historic support
Flashback 2 Never	4000	3500	Music/podcast	Partial – no food cost
Bloomington Early Music Festival	4000	2300	Music	Partial – historic support
Dimension Mill, Inc	4000	2600	Visual	Partial – for mural project

Paul made a motion to accept Zone Art Grant Recommendation for funding. Jackie seconded the motion. The motion passed unanimously.

UNFINISHED BUSINESS

- CDFI Project presentation (meeting 2 of 3 – formal vote in October)

Mark Pinsky stated the CDFI Friendly City process has been exciting. Mark introduced Adina who will begin the presentation, adding that Adina has new research regarding the small business financing needs in Bloomington, as well as how a CDFI strategy might help with that. We also suggest moving forward under the umbrella of the CDFI Friendly Bloomington model.

Adina Abramowitz introduced herself and gave her background which includes over 30 years in the field beginning in Camden, NJ. The program grew and did many projects in Camden, the largest being a factory that did the cooking and flash freezing of deep fried products, such as vegetables. This company is still there and still operating and the 2nd generation of the family is now running it. She has been an independent consultant mostly working with CDFI's and related community development projects.

Adina stated she has looked at what small business in Bloomington have as far as financing is concerned, and what are the best recommendation to increase the financing for small businesses that could make good use of loans.

Adina stated she has talked with 20 different people from 17 institutions, both on the demand side, and on the supply side. She found that people in Bloomington feel the economy is healthy, but they feel there are two economies, big groups, such as IU, and then everyone else. The challenges include housing, getting a good work force, and finding commercial space. Due to the internet, retail is on the decline. When folks were asked, what the gap was, many people couldn't answer the question. There are deals being done here because there are still banks offering relationship banking, as well as Woodforest which is willing to go down as low as \$500 in a small business loan. However, Adina doubted that all needs are being met. Some of the needs mentioned were helping retiring business owners well their business and start-up micro loans for new businesses. There is also a gap for business owners with credit score high enough for a CDFI, but not high enough for a bank loan. Borrower satisfaction is consistently higher with CDFI's. There are three CDFI's in Indiana interested in working in Bloomington under the CDFI friendly city concept and each has a different niche. Adina suggested working with the three CDFI's to bring capital to small businesses in Bloomington using the CDFI friendly city infrastructure, all three CDFI's think it makes sense, and are pleased with the concept of having a person to organize the market and some funding to mitigate risk. Give this a couple of years, and if it doesn't work, consider at that point starting a small business CDFI for the region.

Mark Pinsky stated part of the challenge was, having identified that CDFI financing could be helpful here in all the areas talked about, how to you get CDFI financing here. The challenge of CDFI's working in smaller markets is that it cost something to operate, to capitalize and to run it. Given the diverse range of financing in a place of this market size, you will not see 100 deals a year that are small business, but only a few. To respond to this we need to get other folks who are good at this to come to town. CDFI's are anxious to come here.

Mayor Hamilton stated in this room there are the two minds of the national community development financial world here; and wanted it noted that Mark and Adina are exceptional assets. A core strategy for Bloomington's economic development future is thinking about how to enhance the financial marketplace to help support entrepreneurs, businesses, affordable housing projects, and day care centers that want to get built is to fill the gaps which is what CDFI's are

designed to do. CDFI's help make good things happen. Being a CDFI friendly city is an exciting way for Bloomington to get this national industry of CDFI to help do financing for small business, affordable housing, etc. In order to do that we have to put some skin in the game. BUEA has helped with grant money matched by the Community Foundation to figure this out. We are now at a point in order to get \$50 million dollars in CDFI financing here we have to put some equity in to help do financing for small business, affordable housing, etc. In order to do that we have to put some skin in the game. BUEA has helped with grant money matched by the Community Foundation to figure this out. We are now at a point in order to get \$50 million dollars in CDFI financing here we have to put some equity on the table. This is the role of the public sector. We can do better when we have more financial tools and that's what this is about. The Mayor stated it is his view that the BUEA, along with the Redevelopment Commission and others are in a key strategic position to help jump start this with capital. Hamilton added, he can't think of a higher value investment that can be made to get this kind of scale going with this kind of expertise. Hamilton thanked the BUEA members for their attention to this. What we are doing is putting some capital on the table that says to these experts that Bloomington wants to be a partner in doing lending in our community. Our willingness to be a partner is what will pull them in. The BUEA is a key part of this partnership in making this happen. This is one time capital money of \$1million from BUEA, \$1million from the RDC and tax increment finance money can put a \$2million dollar pot together that can bring \$50million in financing.

The clarification was made this request is not operating money. This is to help capitalize the fund.

There was a question about what the Community Foundation would be doing. Hamilton stated the Community Foundation does not have that level of grant funding for assets. They give approximately \$2million to the community each year. They are a strong partner in that they help raise money, helping to provide operating support, and they are committed.

Julie stated this is a good program for Bloomington, but she needs to be convinced that the BUEA is not being asked disproportionately for money. It seems the BUEA and Redevelopment Commission are being asked to provide a lot of funding and there doesn't seem that other groups are being asked.

Margaret brought up that Monroe County also has a Redevelopment Fund.

Mark Pinsky explained the vision is create a revolving pool of \$4million dollars to start, with one million from the BUEA and the RDC, and \$2 million in debt from other sources. This would be used on a revolving basis to provide financing that would be creative financing. There is a lot of interest in this.

A scenario was given on how a CDFI could help with an affordable housing project.

Comments from members were mixed, with some members thinking it was better to spend the money than for it to sit there not being used. Other members would like to know who else will be helping to capitalize this fund. Some members felt while this is a good program, it seems the BUEA is being asked for a disproportionate share. It seems the capitalization should be shared more.

Julie asked if it was known what the commitments for the other \$4million.

Mark was not prepared to answer that question at this time. There have been conversations with local banks, regional banks, and national banks. There is a meeting with in the morning to talk with financial institutions. Adina added everyone seems to be waiting to see what everyone else does. One of the opportunities the BUEA has is to be that first in that makes things happen.

Chris gave an example of the Bloomington Restoration having about half a million dollars revolving fund about 25 years ago. The amount this simple revolving fund has leveraged is phenomenal compared to that small investment; it has been spent again, and again. Chris stated he has been skeptical about this, but believes that pot of money can work, and it's right down the alley of the BUEA.

Julie stated she does not have a problem with the concept, she is just concerned with the amount of money BUEA is being asked to contribute.

Mark Pinsky affirmed it is a lot of money. It is scaled to what is believe to be possible in Bloomington.

Julie stated it benefits everyone, so the more people that become invested is a better start. Also, the BUEA is being asked for money but the Community Foundation is more involved in setting it up and running it more so than the BUEA has been asked to do, and they don't have the same skin in the game.

Brian explained it isn't as much that the BUEA is being singled out because the money is available, it's because the BUEA has the best money in certain areas. When you put that initial investment in, the amount of money that can be leveraged from the private sector is based on our commitment. The BUEA money has the least legal restrictions when compared to money from the Redevelopment Commission, Monroe County or City, money from the CRED or other public sources. This is different than the Community Foundation because it is publicly sourced. The Community Foundation has to go out and staff hours into raising money. BUEA doesn't have to have staff to raise money. BUEA money comes directly from diverted tax revenue that comes from the Enterprise Zone Investment deductions.

Chris asked how much was in the BUEA bank account. Julie stated there is three million, and giving away one million would leave two million. Chris stated it is the BUEA's job to give this money away.

Brian stated members have a copy of the Business Plan which outlines the rest of Mark's presentation. Brian stated he will send the power point out to members. Brian asked any

member who has questions that didn't get addressed in this session, but would like addressed before the vote in October, please email those to him.

Julie stated she supports the CDFI, but feels it is a big ask from the BUEA and would like to know who else is being asked. Julie would like to know what the interest is at tomorrow's breakfast meeting. She would like to know what some of the other commitments are before the BUEA commits.

- Scheduling – Next meeting was tentatively rescheduled from October 10th to Friday October 12th at noon.

ADJOURNMENT

Chris made a motion to adjourn meeting. Paul 2nd the motion. The motion passed and seconded to adjourn the meeting. Meeting adjourned at 1:11 p.m.