



iowacenter

for economic success

AGENDA

IOWA CENTER FOR ECONOMIC SUCCESS BOARD OF DIRECTORS MEETING

February 18, 2021 – 7:30 AM

Zoom Virtual Meeting

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|-------|---------------------------------------|-------------------------|
| I. | Welcome | Bill Wright |
| | a. Board Action | |
| | i. Minutes from December 2020 Meeting | |
| II. | Mission Minute Video | Megan Milligan |
| III. | The Iowa Center Values | Katie Hentges |
| IV. | President's Update | Megan Milligan |
| V. | Audit + 990 | Alex Polzin/Mari Bunney |
| | a. Board Action | |
| | i. FY 20 Audit + 990 | |
| VI. | Finance Report | Alex Polzin/Mari Bunney |
| VII. | Open Discussion | Board |
| VIII. | Adjourn | Bill Wright |

NEXT BOARD MEETING – April 15, 2021 (3rd Thursday of every other month)



MINUTES

IOWA CENTER FOR ECONOMIC SUCCESS BOARD OF DIRECTORS MEETING

MINUTES: December 17, 2020 – 7:30 AM

Zoom Virtual Meeting

Present: Bill Wright, Megan Milligan, Ann Rolow, China Wong, Courtney Strutt-Todd, Dave Everett, Jodi Rhone, Brandon Pratt, Franklin Codel, Mari Bunney, Nichole Hansen, Todd Sommerfeld, Kevin Chorniak, Micah Kiel.

Staff: Katie Hentges, Alex Polzin

7:32: Bill calls meeting to order. Bill welcomes everyone.

Motion

Motion to approve the October 2020 Board of Directors meeting minutes.

Jodi R. motions to approve meeting minutes, Dave E. seconds. All aye.

Bill: The October 2020 Board of Directors meeting minutes are approved.

Mission Minute Video

Megan introduces the Mission Minute video—we watch the video.

Team Values

Katie reflects on the value that has been most observed during the last two months

President's Report

Megan Milligan, President + CEO

Most of the activities are shared within the board packet that was sent out last week. So I picked three top items coming up that I wanted to share with you.

Incubator: We received funding through the Cares act to launch an incubator. This is something we will be launching in early 2021. It will be a group of 6-8 clients. There will be a paid facilitator who will run this group. Along with coaches that will help them walk through these steps. We will go with them arm in arm to make sure these businesses are up and running and we can all utilize them.

Kauffman Foundation: They just announced a grant opportunity that would require a partnership. GDMP reached out to us. This particular grant requires a partnership, and can include as many partners as wanted. So The Iowa Center, GDMP, Muscatine Community College, and the City of Muscatine have all partnered up for this opportunity. We will be able to have a full-time staff for the next three years that

will office out of that location and will serve as a team member of The Iowa Center—the counterpart to Ben (whom you’ve already met). Muscatine is the group that brought us the Stanley Gift. Expanding state-wide has been an imitative for us—so this is a great way to growing our reach outside of the Des Moines community.

End of Year/Launch of year: I realize that 2020 has been dubbed as a bad year, however for The Iowa Center this past year has been a really powerful and impactful year at the Iowa Center. And we feel that 2021 is going to be the best year yet, we have so many exciting things on the horizon.

Franklin: What do you think the odds are of receiving the award?

Megan: I have no idea. It’s a national application as long as they have a Midwest priority. I don’t know how many applicants there are going to be. We have the right partners. And I think that the team wrote a really good proposal. It’s a tricky one. I do think if we don’t get the money we could possibly do something downscaled with the team in place.

Microloan Growth

Megan Milligan/Board Discussion

Bill: I am very excited because I feel like this really fits into what we do. It could greatly expand our loan program. We have talked a lot about how we do things that fit well into the mission, and I think that with Megan and staff’s direction we have found that something.

Megan: Luckily if there are questions I’m not the only one who can answer them. The exec committee has become very involved, especially Franklin who has put a lot of time into this process as well. This is something we already do, which makes that better. What we are asking for today is to ask for the resources to put behind it. This is a way to be able to say yes to the people who need it. CDFI provides oversight, microloan funds do not have to be regulated. But CDFI funds do, which gives a better peace of mind. CDFI gives us access to larger grants that will support operations and the loan fund through the federal government, as well as corporations that can grant funds to it. It is one of the final priorities from our three-year strategic plan.

Franklin: The CDFI effort that you have materials on, I do view it as a natural evolution in the growth of The Iowa Center. As Megan mentioned there has been a lot of good work with the TSB program. And The Iowa Center has its own portfolio that lends out from time to time. I personally am interested in the impact CDFI will have on the community. As I’ve looked around there are examples of communities and orgs like The Iowa Center and community foundations have come together and through the CDFI, which serves like a funnel, that have the federal government oversight, creates a large impact within the community. If a program works with specific groups within communities it can really have a huge impact. We are one of the most philanthropic communities I’ve seen, but we don’t have a vehicle like this in place. We can talk more down the road about what we are learning. I think it is critical that The Iowa Center explore these steps—what Megan is proposing doing—the board will need to be involved and there will be things she needs from us throughout it—but I think if we are successful in this effort it will be one of the most important things to promote small bus development in underdeveloped communities.

Micah: From a WF perspective, having a new CDFI is very exciting—there are only 11 CDFIs in the state and only one of them does what we would do, Iowa Community Capital. We’ve talked about the need of

more than just one within the state. Having these kinds of tools to help the community. From my perspective and that of my organization this is a wonderful move. We can be leaders in this space by taking these steps.

Franklin: Thank you Micah. (Franklin explains some of the processes associated with the CDFI process including credits, lending, loans, investments.) We get the benefit of seeing what is going on around the country, working with companies like WF, and optimizing our CDFI. It won't necessarily be hat in hand asking for donations. But instead, it would be more asking for loans.

Dave: This just seems like a perfectly natural extension of what we've been doing. It seems like it is in our sweet spot to take what we are already doing and enhance our services. In the PP presentations, understand the financial model for The Iowa Center over time—there was info on operating as a CDFI. There clearly were some stipulations in there we need to understand. The governance if we operate as a CDFI—the bullet point I would ask for more information on: bullet point one of first packet CDFI to maintain accountability to its target market through representation to governing board or advisory board. Will it shift some of governing representatives to align with our target market?

Megan: It means that we need to have a client on our board. A client specifically from this target market. That's the primary requirement. We need to have representation on our board from our client base. We need someone from the LMI. We should do this anyways. If we do launch the CDFI we will have an external loan committee and an investment committee.

Mark: Do we want to grab people from outside of central Iowa to help and expand and engage for the CDFI.

Megan: Absolutely Mark, we have had some board members who are outside of the state. The challenge is we always met live in person; however we've taken care of that problem!

Megan: CDFI requirements are fairly basic but they are black and white. For example, 34% A/R must be from loan payments. Right now we are at like .01% because the TSB don't qualify. And they recommend 50-60%. But we feel that we need to maintain our priorities. We do not believe that loans are our primary service and we don't want to change that. There are lots of convos we could have about debt. We decided we didn't want to move anything to get in alignment with the 50-60% and it would take years to get there. That's why we decided, with help of consultant, to open up the new 501c3. This way all of the loans will funnel through this, and the staffing and everything else will go through our main 501c3. In doing this we can grow the CDFI as fast or as slow as we want. The only additional expenses of the second 501c3 will be the additional auditing. We will have to have a separate board; they say our board is too large. We feel that it would be best to have the exec committee serve as the board for the secondary 501c3. That would just mean one additional meeting every other month on the 501c3. Doing it this way we feel is the truest way we can continue to stick to our mission and goals, instead of finding a whole new board to run that 501c3.

China: From a business owner standpoint what I think that one of the most amazing features of the microloan process is the simplicity of the microloan program as it is right now. There aren't a lot of red tape and hoops for them to go through. How does this change the process from the business owner standpoint?

Megan: It really does nothing. The way that we manage our loan program right now is all within the regulations for CDFI. One of the things that we like is the client doesn't decide who they are applying for a loan—we figure that out for them. Again, nothing else will really change. The really large loans will need to have an external loan committee; however we have an internal loan committee already in place for the smaller loans, so adding a committee meeting regarding larger loans will not be that big of a deal.

Mari: I want to echo the comments how the PowerPoints were. One thing that jumped out to me banks have this CRA requirements. Does this apply to funding we already receive?

Megan: The money we currently get from the larger companies such as Wells Fargo generally come from the foundations. But now, we could get money from the CDFI lending departments as well. We would get a loan from WF for the loan fund. We will still be on the hook for the money if the borrower doesn't pay back the loan—which will be part of the things that the board for that 501c3 will have to look into.

Mari: I love that we will not be changing our priorities. How much focus will be moved into taking this on? Do you have enough capacity for all of this to complete?

Megan: Most of the staff will not be involved in this. The lending itself has always been a small part of our operations and will continue to be. It will certainly take more of my time, and it will take more of Alex's time. If the 12 of us at The Iowa Center have anything to say about it, nothing will change in our classes and coaching, however we all see loans are a chance for education. We generally always find ways of bringing the loan clients into the classes and coaching side of The Iowa Center. There are always chances and opportunities to educate. The lending will need to have staff added. It will be a larger distraction for me as I am always heavily involved in the launch of a new initiative or program.

Brandon: I echo an incredible amount of support for this. The Iowa Center is uniquely positioned to take this on and make it successful across the state. This can impact and drive forward the mission and the charitable intentions in the state. I think this is a great opportunity. Thank you to the team for getting it here, you guys did a really good job!

Motion

We, The Board of Directors of The Iowa Center, support to direct and authorize Megan Milligan to use the structure she has put forward as well as direct some funds from Stanley gift for staff or application fees to gain CDFI certification.

Franklin C. motions, Dave E. seconds. All aye.

Bill: The motion has passed.

Finance Report

Alex Polzin, Director of Finance + Admin

We are in great shape this year. We are little ahead of the budgeted amount. Bill pointed out within half a percentage of this fiscal year. There are some variances up and down the line. You can see on the notes and on the dashboard.

From a cash perspective we are starting to get into the 5-6 months of savings. It gives us a little bit of a safety net for future expenses.

Mari: I think you covered most of what we talked about in our meeting. I really appreciate all of that coming out to the board prior to the meeting.

Franklin: Are there any funds related to partnership?

Alex: There is 160k is still sitting there. There is \$600,000 that is The Iowa Center's sitting in that account. We are as far along as The Iowa Center can be as to help facilitate closing the program. We are looking forward to getting that cleared up. This is money that is left over, not awarded, it was received through donations and not granted out. It is to be sent back to the Partnership once they finalize their accounting.

Open discussion

Our next meeting is February 18th. It is the third Thursday of the month.

Motion

Motion to adjourn meeting.

Kevin C. motions to adjourn meeting, Brandon P. seconds. All aye.

Bill: Meeting adjourned.



President's Report

Megan Milligan

February 2021

Highlights

- **Speaking + Networking Engagements**
 - Attended several virtual meetings representing The Iowa Center
 - **Action Item: Board - Please share any introductions or speaking opportunities you might be aware of in which I might be able to participate**
- **Classes + Coaching Update**
 - The Direct Services plan for quarter four of FY21 will be approved this month. All classes will continue to be online.
 - Most Classes are being recorded, branded for The Iowa Center, and posted on our website for viewing later
- **Microloan Update**
 - Jose Venales joined the team February 1 as the Director of Microlending—his main priority is developing the CDFI
- **VITA Update**
 - The tax season began the last week in January. Partner sites are doing different variations of operations – some are open for in-person processing and some are strictly drop-off or virtual
 - The Iowa Center tax site will be 100% virtual, ran by our Tax Site Coordinator Karla Evans and two of our long-term tax volunteers



Direct Services Highlights

Classes + Coaching

- **Ongoing/Upcoming educational events:**
 - **Always Ready: Financials** This is a one-hour program that runs select times throughout the month.
 - Always Ready: Financials shows the clients what they need to do to always be ready to apply for a loan, file for taxes, and buy or sell goods and real estate. We will also show how to repair and build your credit.
 - **Always Ready: Business Plan** This is a one-hour program that runs select times throughout the month.
 - Turn dreams into plans with a small group, one-hour business planning class. The Iowa Center staff will help kickstart the client's business plan by providing a road map on completing the plan and what the next steps are to business ownership.
 - **DreamBuilder** began January 28, 2021, Thursdays from 9-12pm, online.
 - DreamBuilder is our signature eight-week business planning course that will help you understand the ins and outs of owning and operating a small business in Iowa.
 - **DreamMaker** began February 15, 2021, Mondays and Wednesday 9:00 – 10:30am
 - DreamMaker is a six-week course to help our clients find sustainability or growth within their businesses, after they've built their foundation. This course will allow them to better understand and manage the many hats they're required to wear as a small business owner.
 - **Financially Savvy** began January 11, 2021, it was held on Mondays and Wednesdays at noon for four weeks, online. {Will run again next quarter.}
 - Our clients don't have to be financial experts to own a healthy and whole small business, but they do need to understand their financials enough to make good judgments. The Iowa Center has teamed up local financial expert volunteers to increase clients awareness of best practices for financial management.
 - **FocusME** began January 18, 2021, Mondays. {Will run again next quarter.}
 - FocusME provides a space for entrepreneurs to support each other with connections and accountability as each entrepreneur sets their own professional and personal goals with the guidance of a coach facilitator.
 - **Small Biz Essentials** Tuesdays from 12-1pm, online
 - Small Biz Essentials will connect the client with local subject matter experts who will share best practices on many different elements of running a small business.

Some of these will be part of our Teach-Train-Coach model which allows our clients a deeper dive into the subject.

- Upcoming webinars:
 - February 16: Supporting Businesses through Highs and Lows
 - February 23: Tech Vendor Management
 - March 2: Small Business IT
 - March 9: What Is vs. What Could Be
 - March 16: Commercial Leases Ins/Outs
 - March 23: Turning Prospects Into Sales
 - March 30: Creating Results-Based Social Media Content
- **Webinars:** we are recording our webinars and posting them on our website...access them here: <https://theiowacenter.org/services/classes/previous-classes-events/>
- **The Story Of...** (*formerly known as First Fridays*)
 - The Story Of...are stories of Iowa entrepreneurs and small business owners that are making their mark in our communities. As our clients are creating their story, we ask that they treat themselves to this time each month to rekindle the entrepreneurial spirit and connect with others.
 - *The Story of Andrea Metzler, co-owner of Art Terrarium*

Asset Development

- Microloans: Reporting to date for FY21
 - TSB-Total Aggregate Amount Disbursed since our program inception: \$3,184,167.15
 - Funds disbursed in FY21 of \$330,000.00
 - Loans disbursed in FY21 is 11
 - Active loans in TSB portfolio is 105
 - Current balance of TSB active loans \$2,178,881.12
 - Repayment Rate is 89%
- We-Lend: Reporting to date for FY21
 - Total Aggregate Amount Disbursed since Program Inception is \$100,514.30
 - Loans Disbursed 0 for FY21
 - Funds disbursed in FY21 is \$0
- Taxes
 - Partner tax sites are open for business, most sites opened the last week of January
 - The tax sites all vary in their operations—they chose whether to open up for in-person appointments, virtual appointments, or strictly drop-off appointments.
 - The Iowa Center's tax site will be 100% virtual and run through our Tax Site Coordinator. We will be scheduling about 30 appointments a week with our two tax volunteers.

Staff Updates

- **Client Services Update**
 - Always Ready in January served 32 unique clients
 - Business Plan: 12
 - Financials: 20

- 54 unique clients served in January
- Salesforce cleanup: average age of client case went from 300+ days to 61
- **Women's Business Center**
 - FocusME: 1/19/2021 to 3/8/2021
 - 6 female entrepreneurs
 - This group is made up of entrepreneurs from Des Moines, Arizona, and Oklahoma (out of state individuals are in the process of moving to Iowa)
 - Incredible feedback and full attendance for every class
 - DreamBuilder: 1/28/2021 – 3/18/2021
 - 11 participants made up of new and/or aspiring entrepreneurs
 - This cohort is built up of people located as close as Des Moines and as far as Sacramento (the participant from Sacramento is planned to move to Des Moines in July for his wife's work assignment – originally from Kenya, lived in Des Moines, and moved out to Sacramento for his wife's work)
 - Extremely involved and dedicated group
 - Full retention in each class
 - Continued relationship with Drake for the standing \$2500 scholarship towards quarterly DreamBuilder sessions
 - SBE & Story Of...:
 - Growing attendance in each event
 - Q1 reporting:
 - Financials have been submitted successfully
 - EDMIS report submission for Q1 has been extended to April 30th due to updates and troubleshooting of the new and updated EDMIS system
- **Microloan**
 - Always Ready: Financials will continue into the fourth quarter-- educating the loan clients on the loan process—the goal is to help prepare our clients to be *Always Ready*
 - Always Ready is now a prerequisite to applying for a microloan, creating a much more efficient process for both client and staff. By having the full client triage experience we are ensuring that each applicant that enters the loan pipeline is ready for that step in their entrepreneurial journey.
- **Marketing + Social Media**
 - Please be certain to check out our monthly newsletter! The features each month are:
 - Highlights small businesses in our community
 - Staff feature
 - Mission Minute Video
 - Partner events
 - Announcement and main feature story
 - The Iowa center Events + Classes listing
 - Please Note: All board members are on our mailing list, if you haven't received any emails from us please check your spam, junk mail, etc.
 - We would love for you to share the newsletter with those that you know!