

HUMAN AFFAIRS COMMITTEE

JANUARY 14, 2019

A meeting of the Human Affairs Committee was held Monday, January 14, 2019, at 7:00 p.m. in the Aldermanic Chamber.

Alderman-at-Large Lori Wilshire, Chairman, presided.

Members of the Committee present: Alderman June M. Caron, Vice Chair
Alderman Patricia Klee
Alderman Linda Harriott-Gathright

Members of the Committee absent: Alderwoman Mary Ann Melizzi-Golja

Also in Attendance: Alderman Tom Lopez
Carrie Schena, UPD Manager

Chairman Wilshire

Alderwoman Melizzi-Golja is over in Room 208 at the Capital Improvement Committee meeting. So she will not be joining us this evening.

PUBLIC COMMENT - None

COMMUNICATIONS

From: Tim Cummings, Economic Development Director
Carrie Schena, UPD Manager
Re: R-18-101 - Amend Action Plan to Fund E for All

There being no objection, Chairman Wilshire accepted the communication and placed it on file.

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

R-18-101

Endorsers: Mayor Jim Donchess
Alderman June M. Caron
Alderman Tom Lopez
Alderman-at-Large Michael B. O'Brien, Sr.

AMENDING THE FY2019 HUD ANNUAL ACTION PLAN BY REPROGRAMMING EXISTING FUNDS TO "E FOR ALL"

MOTION BY ALDERMAN KLEE TO RECOMMEND FINAL PASSAGE OF R-18-101 TO THE FULL BOARD

ON THE QUESTION

Carrie Schena

Good evening. Carrie Schena, Manager of Urban Programs Department. The Resolution before you is to reprogram some existing CDBG funds prior year funds that either the project did not move forward or went out to bid and came under budget which is in the case of Salvation Army. Bridges is the other

amount which is up to be reprogrammed. That came in a couple of years ago. They had proposed a kitchen renovation. After that, they started to seek an alternate location to do their operations so they withdrew their proposal.

The third balance of funds is our existing MicroEnterprise Revolving Loan Fund. That was created about ten years ago now using stimulus money. The purpose of that fund was to assist MicroEnterprise is a business of five or fewer employees one of which is the owner. Under CDBG, they also have to be low to moderate income owners of the business. The loan fund initially with the seed money that it had went out into the community. It assisted several businesses. I'd say a little more than half of those businesses repaid their loans and the balance that's there now consist of repayments. It's been difficult for us to get that money back out into the community again. It goes through the Economic Development Department which is two people when fully staffed. It's been one person for many months and it's a lot of work that goes into vetting the business, qualifying them, underwriting them, and then managing the loan afterwards. It's just not something that we've had good success internally managing. We've been before this Committee in prior years to talk about replenishing it to give more money so that we could do better marketing and things but other priorities have preceded. The fund has sort of just been sitting there and we'd like to find a way to get that for its intended purpose out into the community. There's an organization before you tonight called "E for All" which is entrepreneurship for all. I'll let them speak to what they do and they have a short presentation on how they would use these funds to assist MicroEnterprise in the Nashua area. Unless there's any other technical questions...

Chairman Wilshire

Can we get you to introduce people or have their leaders introduce people.

Carrie Schena

I'll let them introduce themselves. I know some of the names. I don't know them all.

Krishna Mangipudi

I'm involved in examining the deployment of this micro financing into this community. I started looking around locally and talking to some of the community organizations like Judge Corban's drug court, the Soup Kitchen, and so forth. I felt that there was a need for this. As I was looking for it, I also met with some of the folks that are already involved in it. Steven was involved in it and so was Kyle. They were both involved in managing the micro finance money. Once the need was identified, we were starting to look at how to go about actually looking for an organization or creating an organization that could take this and run with it. It was Steven's recommendation at that time that we should look into E for All because he had looked at it before. We kind of joined our forces and started to look at the feasibility of bringing E for All which is an organization that's based out of Massachusetts and have them set up shop here in Nashua, New Hampshire to repeat what they did in Massachusetts. As the day progresses today, you will also hear from David who is the CEO of E for All. He'll be giving you a presentation about his organization and the tremendous amount of successes that have seen in various communities in Massachusetts.

Steven Michon

Steven Michon – resident of Nashua for 20 plus years now. I've been involved and volunteering for the city around economic development issues for the last 15 years. It started with Mayor Streeter and the Business Industrial Development Authority. I was on that for 8 or 9 years. Then with Mayor Lozeau, I was on her Economic Development Transition Team. Now with Mayor Donchess, I'm Chair of the Rail Transit Committee. You guys have heard a lot about that lately. The thread that runs through all of those is I've been on the Revolving Loan Fund Committee that Carrie mentioned earlier on in the

conversation. That loan fund actually has a pool of money in addition to the MicroEnterprise dollars that Carrie mentioned. It actually has more than \$500,000 right now that we're trying to lend out to small businesses and entrepreneurs in the community to create economic opportunity. I've been on that committee for I think 12 years. The reoccurring challenge is we can't get that money out to what I call sort of under-networked or under-resourced residents of our community who'd otherwise want to start a business or could start some sort of economic activity to improve their economic prospects but we're not able to reach those folks. I think Carrie mentioned we don't do a good job of marketing. We don't have the resources to market number one and we're just not really equipped to do it in terms of getting out in the community and really making sure not only are the funds available but actually support is available to make sure those folks have access to funds and to build a business or build some sort of economic activity that gives them income.

What you're going to hear today is from E For all which is essentially an entrepreneurship for all. It's about inclusive entrepreneurship. It's about entrepreneurship for everyone and not just those who typically come to our Revolving Loan Fund Committee meetings and present are maybe are bankable, or somewhat bankable, or connected. We're talking about folks who typically don't come to the Revolving Loan Fund or typically don't get loans from banks, or typically don't start businesses because they're under-resourced or under-networked or just not part of a system. That's the target population of not the exclusive but it's the target population of entrepreneurship for all. You're going to hear a little more tonight about what that effort is. I can to the conclusion like Krishan had said, we kind of came to the sort of conclusion together about this need for doing a better job as a system as a city and making sure we're connecting to the under-resourced under-networked folks in the community and making sure they get as much economic opportunity as possible. This is that opportunity to do that.

In addition to sort of my experience with my Revolving Loan Fund, I don't know if folks remember the MIT folks who came here and did their study on the Nashua economy. One of their conclusions from that report was that we have a very loose entrepreneurial system, not well coordinated, and the folks that don't receive the dollars or don't receive access – actually they say there's a lack of connectivity to women and minor residents with the entrepreneur ecosystem to proactive recruitment and more inclusive practices. They call out women and minority residents who are not getting access. They did research to come to that conclusion.

Alderman Lopez

To make sure I'm thinking of the right study was that a specific region of Nashua or was it a Nashua wide one?

Steven Michon

It was a Nashua wide study but they were charged – there was a group that worked with them with Nashua wide so it's the city but also with some emphasis on certain neighborhoods – Crown Hill, Tree Streets, the Millyard. So you're familiar with the study.

Alderman Lopez

Yeah I wanted to make sure I was thinking the same one because it was presented to me like it mostly the Millyard.

Steven Michon

There were three segments. There was the Millyard. There was a workforce development bucket and the third was entrepreneurship. I came to this sort of interest in entrepreneurship for new approaches to reach different folks in the community and build economic opportunity through both my experience with

the Revolving Loan Fund, what I read and was participating in the MIT Study and my background is economic development and that's what I do professionally for the past 22 years. So I've had interest and that's why I've been involved in different ways with the city that I've been doing. With that said, that's why Krishna and I and Kyle, who is a banker in the community, and I will ask Kyle to maybe talk a little bit why he felt the need for this opportunity in the City of Nashua next. Then maybe we can kick it over to David and his colleague Jeremiah who should also introduce himself at some point.

Kyle Schneck

So my name is Kyle Schneck. As Steven mentioned, I am a commercial banker here in Nashua. I work with lending for businesses from startup to mature businesses. Anywhere typically from \$10,000 loans up to \$25 million loans. It runs the gamut every industry every types of loans our bank provides and I work on...one of the challenges I see in terms of a bankable customer for a bank it doesn't always come down to credit. It comes down to business acumen. It comes down to having a really solid business plan, the knowhow, and the support. There are programs here in the City of Nashua that provide support but as Steven had mentioned it's not very cohesive. A lot of the programs here that I do refer businesses to they may provide a segment of the education that they need. Typically they're on demand services so they requiring business owners to reach out to them for help. As a lender in understanding small businesses and how busy they are running their day-to-day business, you typically find that when someone reaches out for support and in a lot of instances it's too late.

One thing that was really attractive to me with this E for All model, and I've looked at a few different models having worked with different not for profits, a few things with my experience on the Revolving Loan Fund, it's not just an issue of marketing the services out there. That's a big component of it. The beauty of the E for All models and David will go into more detail is they have somebody dedicated on the ground, in the community, knocking on doors, going to church organizations, not for profits, every fabric of the community that person becomes involved in the community. I can tell you as a banker and lender who's always looking for new relationships, we're not really doing that to the extent that we could be doing it effectively for various reasons. This is a model that really as Steven mentioned takes the underbanked or the people in the community who do not know how to access these resources, it kind of brings them into the fold on that.

The second thing is I've found in my 10 plus years' experience in banking is the businesses that typically underperform or fail are those businesses that are not getting ongoing technical support. This E for All program as you'll learn from David really educates to the fullest extent people on their business ideas and provides them with a cohort model to learn from other individuals and a network that after they graduate from the program, it doesn't go away. They have a bevy of resources within the program they can reach out to and continually guide them throughout their entire business. The statistics are incredible in terms of how effective this has been in various communities in New England. Having worked in the Nashua community for 10 years, I understand that there isn't something like that here. As a lender I can tell you if I have somebody come to me going through the E for All program with an idea. Having invested some of their money into the business, I'm so much more apt to have confidence in taking that application and approving that loan knowing that they've gone through that exhaustive process of thinking of every challenge and every opportunity that there is.

Chairman Wilshire

Well that says a lot.

Kyle Schneck

I'm on record.

Jeremiah Hernandez

Jeremiah Hernandez – Community Partnership’s Manager at E for All. I’m here in support and a fly on the wall but my experience thus far with E for All has been from the ground up as a first hire of a new program in the south coast of Massachusetts – New Bedford Fall River area. I’ve seen what the fruit looks like and tastes like and it’s delicious. I’m happy to bring the E for All model to new communities.

David Parker

This is David Parker as the CEO of E for All. Actually a great introduction from everybody here. I feel like I can add details among that but we hit on a lot of great sort of selling points if you will as to why our program exists.

I have I think two options in terms of literally prepared slides. One is a little longer than the other. I want to by all means have discussion and encourage the Aldermen to get involved in discussion and ask plenty of questions. I’m thinking of going with the short one and then give you all plenty of time to ask questions. Does that sound okay?

Chairman Wilshire

Sure.

David Parker

Great. Let me jump in. There’s only six or so slides here. Two things to talk about with this title slide. The first is just literally the title. So transforming both lives and communities. We look very closely at communities as a whole. Our program is designed to help a community to rev up its startup part of the ecosystem. We do it one person at a time. This example here – the person on the slide her name is Danaris. She lives in Lawrence, Massachusetts. As you can see, that’s her shop that she’s in with a very successful bakery business that came through our program. I’ll tell you a little bit more about her as we move through but keep her in mind. She is a nice symbol if you will representative of the kind of entrepreneurs that we work with.

Entrepreneurs can really make a difference in these communities. The main thing we’re concentrating our energies on are looking for folks who don’t feel full control of their lives in terms of work. They’re virtually a huge percentage of the entrepreneurs who come to E for All are in sort of a quasi-employed quasi-unemployed state. Sixty percent of them tell us that they’re unemployed when they come to us. So these are folks who are in jobs that maybe on the low end of the pay scale part time, full time but about to go off that because it might be seasonal. Their lives are in a sort of economic turmoil. Never with some consistency and that’s very frustrating and as you can imagine quite stressful to go through that sort of a situation. They look at – and by the way a huge percentage of these folks have ideas for businesses. They don’t go out in front of a crowd of folks from just normal residents – how many of you have an idea for business and over half of the hands go up. It’s just the coolest thing. Maybe it’s a pure American thing but just entrepreneurship is sort of part and parcel of what people think about. When they say how many of your started any work on it, then the hands come back down again. That’s the frustrating part and that’s where E for all comes in. We want those people to get the confidence to step forward and turn those ideas into actual businesses. Let me just say please jump in if you have questions or comments but I’ll assume that you’re not shy but great go ahead.

Alderman Klee

Actually I do have a comment. So these are for people who have a non-existent business but an idea and not somebody who might have just started one up but is struggling to get...

David Parker

So that's a great question. We do on occasion allow folks who have an existing business but are to your point struggling. So the main thing there is that our program forces the entrepreneur whether they're existing or literally new to take a real fresh look at their business, understand their customers, the marketplace and all the rest of it. That's the most important part. If somebody comes to us with an existing business and says I want to be in your program, we're going to push them pretty hard and say can you handle people asking you whether you should have a different customer segment or completely change your sort of some major aspect of your business. If they say yes like I'm totally open to it, then that's a good candidate for our program. Not many existing business people have that sort of openness but some do. Those we have accepted in our program.

Alderman Lopez

Do you guys do means testing relative to the resources you offer or extend?

David Parker

We don't but because of our outreach which I think Steven mentioned, we're confident and it gets validated as people come to us. In other words, we don't rule a person in or out of our program based upon sort of what their financial situation is or any other situation. We take applications from anybody. We do then ask them to fill out forms so they can give us an idea of where they stand in terms of economic viability and we take that into consideration as we build our class. It's a free program so people apply. It gives us a chance then to work through the applicants into the actual folks that we work with. We end up with some statistics that I'll show you on a further slide giving an idea of other backgrounds. It's not a 100 percent folks of one category.

I wanted to hit right up front because I know that there are some programs in and around the greater Nashua area that do work with entrepreneurs. I want you to know what makes our program unique. This is uniqueness by the way that literally is across the country. We know this because I literally have been traveling across the country talking to communities about getting started with E for All and we're part of a network of entrepreneurship programs that have been funded at least in part by the Coughlin Foundation which is the world's largest foundation covering entrepreneurship. They have over a billion dollars that they can work with. It's based in Kansas City. From that association, I have met many other programs across the country.

These five points are areas that taken together make our program fully unique across – it doesn't matter who you want to compare us with. Just too quickly go through them as we mentioned the outreach programs, we literally can knock on doors. We'll go to farmers markets. We'll go to flea markets. We'll make presentations to other nonprofits and their members or the folks that they're working with will try to build as much publicity as we can. We'll go to existing businesses because very often they get requests from folks on how did they get their business started. The idea is to target folks who are under networked, under represented you don't typically see as entrepreneurs.

Second we have a cohort model which means we aim for a class of 15 entrepreneurs who together go through a full year long process with us. They come from all different backgrounds themselves. They have different kinds of ideas but they bond quite tightly with one another because they go through a pretty rigorous and in some cases pressure filled process. When you go through that, you naturally look for comfort from the folks alongside you. So they form very close friendships and business associations if you will and that ends up being a very important part of the benefits they get from the program.

Our mentors are really the most important aspect of what we offer to the entrepreneurs. Our ratio is 3 to 1. So for a cohort of 15 entrepreneurs, we will have 45 mentors signed up. They are all volunteers.

They are from the general community in person. We know how to find these folks. They're everywhere. You just have to ask and ask in the right way. They sign up. It's no small thing what those mentors sign up for. It's a weekly commitment of 90 minutes each week for the first 13 weeks and then once or twice a month meeting for the remaining 9 months. They make a pretty substantial commitment. Trust me they get as much out of the experience the mentors do as the entrepreneurs do and they tell us that afterwards which is very heartening for us to hear. I'll leave it there on the mentors.

We give cash awards. So a cohort of 15 entrepreneurs, there's a pool of \$20,000 made available as cash awards to that pool of 15. It's handed out quarterly so over four different instances. Each quarter we take a look at what the entrepreneurs have accomplished and then they actually vote for each other in terms of who they think should get the monies. They are the most important component of that. There are others who have a say in the matter including the two person program team and their community leaders can get involved but in the end, we think the entrepreneurs know best who has been really putting the time and effort in and making progress against their goals. So we rely upon that.

Lastly as I mentioned, it's a year-long program. I think maybe Kyle mentioned that there's support that even goes past that year which is allowing them to stay in touch and encouraging them to stay in touch with their cohort, with their mentors, and then they get launched into the alumni group of E for All. We have six active programs now in Massachusetts and the plan is to get to 50 across the country over the next 3 or 4 years. Lots and lots of discussions under way that Jeremiah and I are having with different communities. We already now have roughly 1,000 mentors in greater Massachusetts that have signed on with the program plus close to 400 entrepreneurs. You think about the accumulated experience and knowledge base there. Every entrepreneur will be able to take advantage of by asking questions of subsets of that group. Any questions or comments on that?

Chairman Wilshire

There is not an E for All in New Hampshire at this point?

David Parker

That's correct.

Chairman Wilshire

Okay so this would be the first.

David Parker

This would be the first.

Alderman Caron

How long have you been in Massachusetts with this program?

David Parker

So we're just coming on 7 years.

Alderman Caron

Thank you.

David Parker

Alright. I'll keep going. So just to give you a little bit of how the program works. Assume you all are familiar with and perhaps some of you enjoy Shark Tank. So think of Shark Tank in a very localized version. So our pitch contests are meant to be a celebration of entrepreneurship. So as a result, the celebration part is part of Shark Tank but as you can all remember the part that you often remember is the sort of sniping among the sharks and occasionally they give some grief to the entrepreneurs. We don't allow that in our pitch contest. So therefore we call our pitch contest Shark Tank without the teeth. The idea there is to recognize that the entrepreneurs who are competing for cash awards – so literally there's a grand prize of \$1,000 and second and third places get money. There's a panel of judges to decide that. Then everybody in the audience gets a chance to vote as well. There's an additional award based upon we call it the fan favorite.

Just imagine you as a budding entrepreneur not having ever felt truly confident in whether the idea makes sense or whether anybody else is going to think it's a good idea and you're standing at a microphone, there's roughly 100 people in the room, and you have 2 ½ minutes to describe what you're up to, and then you have a question or two from these judges who are pretty intimidating. We just want to let them know that they're brave and that they deserve a lot of credit for sharing that idea alone. Some of the ideas need a lot of work and so it takes a little bit of coaxing but nonetheless, it's a really, really fun experience. It draws people to us. By publicizing these events which sometimes are for any idea or in other cases we'll have it tailored to a particular item like food for instance. Any food related businesses are very popular among the folks that we reach. All the judges will have some aspect of food in terms of what they do and many of the audience members as well.

Because of the publicity for these events, we draw tons of people in to us. That helps us then move to the middle of the screen with is the business accelerator because we encourage all of the entrepreneurs who come to us through the pitch contest to then apply separately to the accelerated program. Again, we don't charge for any of our programs so there's no money involved for them to be in a pitch contest and there's no money for them to be the accelerator. However, we always look for at least a 2 to 1 ratio of applicants to the folks that we accept. That gives us a chance to really sort of if you will grill the applicants to make sure that they're really serious about this and dedicated and passionate about their idea and open minded.

In the accelerator as I described before is the year long process with a cohort model with the mentors. We also have experts who come in twice per week to talk about sort of the different hats that entrepreneurs have to wear. Very often people come and say I love to cook. I know I'm going to be a successful entrepreneur because everybody tells me that my dishes are fantastic. They're like well what do you know about bookkeeping. They're like I don't know a thing about bookkeeping. What do you know about on line marketing because every business has to be on line somehow? Well I really don't know much about that either. Then we go through all the different hats. It goes on and on. You have to work with lawyers. You have to work with insurance people. There might be regulations. There's some aspect of marketing and public speaking and branding. All of the experts are brought in from the community to share their knowledge with the entrepreneurs and let them know that there is a community of support to help them succeed as entrepreneurs just as Kyle was saying with his bank, they would love to help these folks but they need to find them and that's what we do. We find these folks and we bring them into the ecosystem and let them gain their confidence that they can actually pull this off. That's what goes on in the accelerator.

The net result is businesses. That's the goal of the program. As fast as possible to get these entrepreneurs to take their idea and launch it right away because there's nothing as exciting as when you get your first dollar from a customer. Like somebody paid you for that idea, right? You have a product or you have a service and they're actually willing to pay you for it and it's intoxicating if you're an entrepreneur. You're like my god my idea is great. I am on a second customer. Then a business is

started. Right? With the guidance of the mentors who are really acting kind of like a Board of Directors. They're not telling the entrepreneur what to do, they're guiding them to make the right decisions and asking them lots of questions, and making sure that they are the CEO. They're the ones that are making those final decisions and that they're the right ones hopefully. If they're not, they quickly pivot and make adjustments they go. That's the normal part of building a business. You make mistakes. You learn from it and you move forward. That's how the mentors can be really, really helpful to these entrepreneurs. Any questions or comments?

Donna Marceau

I just want to talk a little bit about the demand for this. I run the employment education program at the Nashua Soup Kitchen and Shelter. I deal with a lot of homeless people. Just last week I had one of our homeless person who's been here I would say maybe since Tom was in that position. He's a continual person and now he wants to start a cleaning business. This is something that he would be able to do. Also I worked at the Work Ready Program at the Nashua Community College. One of the persons started a business from that. Now she's in the Farmer's Market – Sweet Cheeks. It is something that people want to do. People do aspire to it.

Alderman Lopez

I have no idea what she's talking about because everybody I work with is fine now and they're all rich.

David Parker

Excellent. Thank you for sharing that. Next up. So I mentioned before some statistics on the demographics of the folks that come through our program. I'll just say them so that you can all hear it in the microphone. So 73 percent women owned; 59 percent previously unemployed. This is when they come to us. 57 percent minority; 52 percent immigrant. Now these statistics are higher numbers than any of our existing locals that we run our program in. We are in 7 different metropolitan areas in Massachusetts. So Lowell, Lawrence, Lynne, Fall River, New Bedford, all of Cape Code, and Holyoke. As you look at the demographics of each of those segments, they vary. Lawrence is very heavily Latino and Hispanic. Lowell has an incredible hodge podge of folks from different backgrounds. The Cape has much lower percentages on the ethnicity area but has a lot of folks who I would call "working poor" who can find that sort of up and down work I described before and barely hanging on because the real estate costs are so high. Each community is unique.

When we look at a community, we set targets for ourselves to at least equal but preferably be considerable higher in terms of the percentages that come from these sorts of segments. Whether you're a minority immigrant woman, we want those numbers to be higher than what the community current has. That's the proactive outreach efforts that we can very quickly see how we're doing. If our numbers don't equal those numbers, then we have a Board of Advisors that's there to chart the progress of that program and it's up to them to then work with the two-person team and make sure that they redouble their efforts to build up those percentages.

Unidentified Male Speaker

Just to confirm. That Board of Directors will be something that you will form from the local community that you're in.

David Parker

Completely local. The two-person team is also expected to be hired locally with a preference that at least one of them be representative of a major subset of the community. It could be from a particular

immigrant group or ethnic group to make sure that that helps in the outreach efforts but we found that to be critical.

Chairman Wilshire

Why is food a big draw?

David Parker

Many folks who come to our program are first, second, third generation immigrants. One of the main things that they bring to this country is their own customs and food is part of that. They want to share it and these days an insatiable appetite among those of us who have been here for longer than that to try foods from different regions. It's a nice way for folks to take something that comes naturally to them to turn it into a product or service that they can leverage.

Chairman Wilshire

That makes good sense. Thank you.

David Parker

Good question. Other questions or comments?

Alderman Lopez

Do you envision a relationship between the Chamber of Commerce and your organization with regards to finding mentors or networking?

David Parker

Yeah we do. We've met with the Chamber and had very positive reception from them including forming if I remember Krishna on that subcommittee to literally address this particular issue. Yeah it's absolutely and particular for mentors. They can be enormously helpful.

Krishna Mangipudi

So we had a presentation at the Chamber and Ameri Tucci the President of the Chamber at this time is part of our Steering Committee.

Steven Michon

I should mention also David hasn't mentioned yet but maybe he will but we have a core working group here of folks from Nashua Krishna Mangipudi, myself, Steven Michon, Kyle Schneck, Jay Dinkle who is with Enterprise Bank, Joe Foster who is an Attorney with McLane, and John Lumbard from Hollis who is a Financial Manager in Hollis. We're actually in part building that team right now but that's the team that's been working for the past year to sort of sculpt this out, do the due diligence. We identified the need together.

Krishna Mangipudi

Michael Rancroft from the Soup Kitchen and I invited Donna to be here on their behalf. Thank you for being here. Rabbi John Speara. He's also on the Steering Committee. Just to give you an idea, the Steering Committee came about from Mayor Donchess's roundtable that he had about eight months ago

talking about things that we could do better in new Hampshire for Nashua. I was part of that Steering Committee. While on that Steering Committee discussion, three topics came up as the areas of focus that we would focus on. One of them was the arts center and the other one was to see how we could improve just apply something like E for All and improve the opportunities for people that are in the opportunity gap if you will. So that's how I came into it and basically from there on I met with Kyle and Steven and kind of built of steam and momentum behind this. We were able to get it to the point where now we have David engaged in it.

David Parker

I mentioned Danaris in the first slide. Let me give you a story so it helps to put you a little bit into context. Danaris as I mentioned lived in Lawrence and still does. She and her husband were both laid off and the after effects of the last recession which began roughly around 2010 and she had multiple children at home, had a mortgage, and she and her husband both fell into major financial challenges. So defaulting on the mortgage, needing to go on food stamps, and get essentially full government support as they looked for new work. Danaris' mom who also lives in Lawrence came by one day and said Danaris I've got some food stamps myself. I want you to have them for your family. Danaris sort of looked at this and said I've got to get myself off of this relying upon help from other people. She took the value of the food stamps and went to the local supermarket and used them instead to buy ingredients to bake flan. She found a family recipe for flan and made up a bunch of cookie sheets of it and carved it up and started selling it. So she literally went to ex-colleagues, to neighbors, to family members and trust me it's a really, really good recipe and it took a couple of days but she ended all of them. Sort of looked at her proceeds and said I just doubled the value of those food stamps. This is a business. I should be able to do this. Danaris is the kind of woman who just makes things happen. So she from her home without a permit started building her business and started doing well. Really well. In fact, started selling her flan through bodegas. There's many, many bodegas in Lawrence. So they would take a small sheet and put it on their counter and sell slices.

The City found out because it was very public. Essentially said that's got to stop. She came to E for All at that point and said I know I have something here. I've got to figure out how to turn it into a business can you help. This is Danaris with limited English. You have to trust me on this. She was translating throughout the whole experience of being in our program which is a really hard thing to do. She worked with her mentor team. She worked with her cohort. She worked with the whole program and sort of build a model, and work with folks in terms of how are we going to get her to run her business outside of the house so that she doesn't have to run into the same kind of issue with the City and thus has a bigger market that she can each.

We encouraged her – the broader community – to look for places where she could find a commercial kitchen and rent out time and space. Unfortunately in the greater Lawrence area at that time nothing existed. It was just restaurants and restaurants aren't a good match for baking because you have too much grease and smells so it doesn't make for good baked goods. She was kind of stuck and trying to figure out what to do next. This is where the whole community aspect of E for All comes in. We had as part of our sort of broader ecosystem a banker not unlike Kyle who stepped forward and said Danaris I have a way for you to find a space because her ultimate goal was her dream was to get a full bakery that's on a main street in Lawrence that she could sell her stuff from. The Council was like please don't do that because until you really have a customer base, and you've got cash saved up because you to sign a long-term lease, and you've got to spend extra money to get the building ready. You're not ready for this.

This banker stepped forward and said I've got a way for you to get started with your own bakery. You're going to buy a building. So with the help of a mortgage from the bank, she bought a retail building downtown in Lawrence. It had two openings. One already had a tenant in it. The other side was open. The bank believed in her, and her business plan, and the viability of that piece of real estate. So the

income from that one tenant helped to pay off the mortgage and she started her business. She was touch and go for the first few months but eventually started to be able to pay off the mortgage. Low and behold, she was underway and could never be happier. Now a few years later, 13 employees including her husband and looking to move into a new space. Hold on to that first building and own it and get income from both sides but now because of the revenue and the profit from her business, she can afford a bigger space than the entire building because she wanted to kick out the tenant at first and take over the whole thing. Not big enough now. So she needs an even bigger building because of her expansion.

So look at the ripple effects of that kind of a business. Every customer who comes in to see her sees somebody just like them who has made a go of it. She of course talks up E for All to anybody who will ask and which we're very proud of. She such an inspiration for folks in the community. She's providing solid jobs for folks including some of her family members and now think about her own financial position as she's now built an asset of this building and an asset of her business at the same time. So she's setting herself up longer term to have perhaps some kind of a nest egg to help her as she considers retirement and/or helping her children. So a really nice success story from Danaris. We look for that kind of success from our entrepreneurs to get them sort of thinking about how they can take an idea and turn it into something that really has a dramatic effect in the community and for them at the same time. Any questions or comments on that?

Chairman Wilshire

Pretty impressive.

Krishna Mangipudi

What David humbly avoided there was that when the banked came forward with the money and the help, they also looked at who was sponsoring them. E for All had a part to play in standing by this entrepreneur and saying we stand by her so the bank can come forward.

David Parker

That's absolutely true.

What happens when you have a lot of Danaris's? I call her she's like a double or a triple. She's pretty awesome in baseball language. Yes we've have one or two grand slams but we also have a lot of singles and doubles. These are the folks who maybe provide employment for themselves full time, or even part time but solid part time, or they hire one or two people and those are the singles and doubles right that are out there. They add up. This is from our very first program that we started in English serving the Lowell and into a certain degree the Lawrence area. 2018 at the end of the year, we're a little above these numbers – 169 businesses launches and over 400 jobs created for those communities. Those numbers are numbers that a community can be really proud of. That's economic development and these are spread out over so many different businesses that if any one of them for whatever reason doesn't make it, there's hundreds that are still there as opposed to if a city makes a very generous commitment to an employer to come, which happens all the time and absolutely is the right thing to do.

You've got to make those bets but then your kind of tender hooks. Is the business going to survive? Are they going to continue to grow? What if they leave and find a better deal elsewhere a couple of years later? I know those things happen and they must be heart wrenching. They can't happen here because you have so many small businesses that are spreading the risk and the reward among themselves. So these numbers continue to grow because we have a bunch of high flyers who just continue to add on more jobs and more impact as the go.

Alderman Klee

I hate ask the Debbie downer question. Have you had those that have failed?

Steven Parker

Of course. Oh yeah. So 83 percent of startups ongoing which means 17 percent don't. Absolutely.

Alderman Klee

Those are impressive numbers trust me. I think in the long run I think we hear that startup companies have more like a 60 percent or higher failure than this.

Steven Parker

Absolutely. This is a blended average but we always end up higher than what the national averages are which we're super proud of. That's I think by measure of the community that we create. So people never feel like they're alone so as they're facing challenges, they reach out to the folks that they went through and their cohort. They reach out to their mentors. This is my problem. Can somebody help me solve it? As opposed to if you're just an island and you're having trouble with your business like how many people do you know you can ask? It just feels like crap I guess I better call it a day. We really encourage folks to reach out preferably well in advance of when it becomes a disastrous problem. The one thing they learn is whatever problem they have, other people have the same problem. They are not alone in the challenges. So that's super comforting for them to feel the trust to be able to share with folks they – I'm having trouble with this employee. I feel like I'm wasting my money what do I do? Instantly five or 10 other business owners can say this is how we dealt with that particular issue so they can turn it into a positive.

Kyle Schneck

For me the most impressive number up there as a lender is the 83 percent success rate. As a lender taking a risk in a business, you're always betting on them to succeed. In addition to that with E for All, one thing that's unique is they have the statistics. They're continually surveying E for All participants and providing those statistics. I've talked to some other not for profits involved in the community to either provide some of these ongoing supports. The one thing that they're incredible on is statistics. These are real numbers.

Alderman Klee

Of the 17 percent that did not continue on was that like within the first year? That's what we hear more often is new startups within the first year...

Steven Parker

Interestingly it's not the case with us. As you heard me say before, we encourage our entrepreneurs – like in that whole first year to launch and stay with it and because of the incentive structure we have built in where every quarter there are more cash awards, it's in their interest to stay involved and keep that business moving forward because then they have a chance to win slightly more money from our prize pool. We get essentially the whole cohort through the full year which we think is super important because after a full cycle of a full year, you should be getting some confidence that you're going to be able to make a go. It's after that that is when we really see the small amount that start tailing off.

Steven Michon

Just one more statistic. I mentioned the MicroEnterprise Loan Fund that's part of the Revolving Loan Fund. It's one of the pieces of the Revolving Loan Fund that Carrie mentioned earlier on. We have a zero percent success rate in lending to our four of the MicroEnterprise we lent to have all failed. So we've lent to four MicroEnterprise. There was another one that was half we had pushed some money around. I'm not even sure what that one is doing. Four of the four that we had 100 percent, we had a zero percent success rate.

David Parker

We're going to turn you into start. Just so you have an idea of what the budget is. So we have a two person staff. An Executive Director and a Program Manager. They make up half of the total expenses. The total expenses are \$300,000 a year and so those two people don't make a ton of money but with full benefits they are good jobs and they work very, very hard. So they are sort of the fulcrum of the whole system. They are bringing in all of the volunteers, all of the entrepreneurs, mentors, specialists, working with the advisory boards, and they report up to a staffer in the headquarters group at E for All. They get counsel and guidance on how to succeed in their program.

The program awards as you see there is \$51,000 over the course of a year. It gets allocated directly to the entrepreneurs. The HQ services is because those two-person team, we want them to be as efficient as possible. We provide from our headquarters group a substantial amount that they don't have to. So finance, administration, technical support, marketing support, development support – they don't have to touch any part of billing or collecting of funds. So that's money coming back to us to help defray that cost.

The last yellow slice is operation/local overhead. Some money is allocated to rent and then there's literally when they have meetings, they might have to pay for the space or food, paper, and all the kind of stuff.

On the right, it shows the difference sources of income. So E for All because we don't charge our entrepreneurs, we need philanthropic support to survive so we knock on all doors. Obviously here we're knocking on the government aspect. Yes we call on everybody and we would look for in addition to the funds that you all are considering sending to us support from all these other areas of the community. We've had a whole bunch of discussions and are making headway in each of these areas locally here in the greater Nashua area.

Chairman Wilshire

So if we do allocate this money to you, what's your startup? When do you plan to hit the ground in Nashua? When do you plan to have two people hired? Where will you be?

David Parker

We want to get started as soon as we can but we also need to know that there are some ability for our program to make it beyond a year let's put it that way. In other words if we raise \$300,000 and stop there, that would be nail biting for us because the two-person team that we hire would have to do all the work to build up the program and be fundraising immediately. That's a lot of responsibility because in the beginning there's a lot of things to be done. We actually ask for a three-year commitment from the community. Based upon people not necessarily having written the check but looking us in the eye and saying we've got you covered for years 1 through 3. Then we feel confident that we can launch and get the program up and going and build the fundraising support over those three years so that on an ongoing basis we can keep it going hopefully indefinitely.

Chairman Wilshire

Where do you expect to be in the city? Have you partnered? Have you found a home yet?

David Parker

So I don't have an exact answer for you but I can just tell you from what we do in each of our cities is that we look for space preferable we could call it "co-working space" so it's got an ability of folks to walk in, sit at a desk, and get some work done. It doesn't have to be very big because we don't find a huge market for that but it's nice to have that sort of ability to generate a community within that space. Even if it's 1,000 to 2,000 square feet, that's going to be fine for us. We like it to be accessible for our target markets. If it's near or in a community that's sort of a little bit challenged if you will, that actually works for us. There is a mixture of people of come to us – the mentors, the entrepreneurs, etc. so they all have to feel comfortable getting there but that's what we look for. Any other questions, comments?

Alderman Caron

I have to be a Debbie downer. So you're looking for this to be part of your \$300,000. Have you reached out to any of these foundations and individuals to get some of that money? I mean if you get this, where are you in that \$300,000 capital that you need to get started?

David Parker

There are lots and lots of conversations underway. It's one of those like everybody is kind of looking around and it's like okay who's going to sort of make the first commitment and jump on board.

Alderman Lopez

We're surprisingly familiar with that.

David Parker

So Mayor Donchess has proposed that this is I think a good use of the funds that have been sort of parked and feels confident that he's willing to say that this will put that first step forward and then encourage more participation from all the different segments that you see there. So we have a high confidence level that all the conversations that are underway will sort of step up in intensity based upon this commitment.

Krishna Mangipudi

So we have been at this for close to a year now and a lot of conversations have happened in a lot of different context including going to the Chamber of Commerce and talking to them. We see this as being a very viable public, private partnership that will take off from here. Part of the story that he told you there was what we're looking for in the initial phases to get this program up and going in this community which is for him to see into the horizon that this is viable and they can do it. Once they can make that commitment, once he can get that commitment in confidence that this is going to happen, then they go out and set up shop. From that point on forward, they're doing all the things that he talked about and in addition to that, they're going to be looking to see how to sustain this program beyond those two years that he talked about – raising funds, reaching out to people, reaching out in the community. We step out of the way and let them do the job from that point on forward to keep it going. That is their sustainability model. That's how they've survived with the seven years that they've been in business in the six or seven communities that they have established themselves.

Alderman Lopez

So I guess I have a question for Carrie Schena. Some of this money, almost half of it, is coming out of surplus from two projects that weren't completed for various reasons as part of the CDBG. It's not just the CDBG it's also the Citizens Advisory Committee?

Carrie Schena

No. These funds are strictly CDBG.

Alderman Lopez

So that was part of my question is number one do we regularly have this kind of surplus that we would plan the extra \$35,000 out of the 45 that we had? Do we anticipate the return on this adding to the program or the economic development loans repayment account or are we thinking next year it will \$70,000 that we have to use. My third question was kind of answered. I was concerned about if the Committee decides that it's going to be spent on these particular organizations does it go back to that CDBG process again given that we have like twice as much applicant as we have funding?

Chairman Wilshire

Well this is outside the cycle of our regular CDBG funding. Carrie can answer your questions but...

Carrie Schena

I'll try. There was a few in there. So first we generally do see funds that need to be reprogrammed from year to year. Typically at the start of our annual process which sometimes is January but it will be February this year, I put the applications forward to the Human Affairs Committee and we have the estimate of what our annual grant will be and then also what funds are available for reprogramming. That is a standard that gets folded in each year. We don't like it but it is common that on occasion an entity who applies for funds after the fact something happened and the project fell through. Other cases more typically are as I said in the case of Salvation Army, they had a certain amount allocated to them but the project actually came in under budget so that project was completed it's just we had excess funds that had been allocated. Each year that does roll forward. Part of these funds were sitting there and would have been reprogrammed in the upcoming cycle. Salvation still actually has there's a few thousand dollars more left in addition to what's referenced in this Resolution.

The other part of the question I think was as far as their future funding. E for All did submit an application in this funding cycle which, again, will be before the Human Affairs Committee in February when they start to deliberate all of the outside applications. David was looking for a total of \$150,000 over a three year period. This would be 70 for year one and then the application that was just recently submitted. The deadline was just last week – last Thursday and that was for years two and three of \$40,000 each which would be before the Committee next month.

Alderman Lopez

So we wouldn't be anticipating another \$40,000 of recovered loans from economic development because that gets rolled into the process moving forward.

Carrie Schena

Correct. So under this model, it's not loans that would be given out. The funding would be changed. It would still be assisting MicroEnterprise which was the original purpose. Under the original structure, it

was straight. The business would come in and say I need \$20,000 to start my bakery or whatever and hopefully they'd make some repayment. As Steven referenced out of the four that were initially assisted, none of the businesses survived. There was repayment though because obviously we had some money in there before they failed. They did make some repayments on those loans. Those funds have truly been sitting stagnant for about seven years without an active loan that's gone out for any number of reasons – marketing, viability, underwriting, identifying businesses. So we don't have the capacity within the city to do that. So changing the funds from the loan pool to this model, you're not getting any program income coming back but you're accelerating the number of entities that are assisted. I think the initial loan fund had a little over \$100,000 that went out - \$120,000 I believe, and of that about \$46,000 was repaid. Some of the statistics that they've shown here, it kind of changes the focus. So yeah you're not getting the program income back but you're multiplying the effect of who is assisted and what that overall community and economic benefit is.

Chairman Wilshire

Alderman Lopez typically the money from Bridges and the Salvation Army would just roll into the entitlement grant that we get and that we deliberate in February. Typically that would just come in, Carrie would identify those funds, and we'd add them to the pot of money that we divvy up for all of the applicants.

Carrie Schena

And there are other funds still to be reprogrammed.

Chairman Wilshire

Do you know how much?

Carrie Schena

I do. Roughly about \$6,000 at this time. It's not a huge amount.

Alderman Lopez

So my understanding of the process was basically in forming my concern that there's not a lot of money to go around. It's already a very difficult decision deciding which programs have merit, which ones don't. This committee will go on tours and really put a lot of work into vetting what's the best way to spend it is.

This basically represents a gigantic investment in that scene because you are removing the surplus that would have gone into this year's entitlements. You're also including this in the competition pool I guess for next year and then the following year as well without having any benefit of revenue coming in from anywhere else to support it. I'm not on the committee so I don't have to make that decisions. I was just anticipating that it's going to be some pretty difficult decisions made moving forward depending on what needs the traditionally applicants present. I do not have any doubts that we will probably have a much more effective program overall in terms of entrepreneur development than we've had. We have one Economic Development Director. He isn't able to vet new programs just too sheer amount of workload and the results that we've had over the past couple of years even when there were two are super encouraging. I'm completely impressed by the E for All model and accomplishments. I'm just wondering about the source being used.

Chairman Wilshire

So typically I find that when something new comes to town once the city buys in like the city shows that they're buying into this, sometimes leverage is other funding. Wouldn't you say that? We're the city. I

think when I'm getting out of your concern is that it's not going head to head competing with the other applicants.

Alderman Lopez

Well particularly for this cycle it's not. It's ahead of the process but then it is competing in this year's process for next year and then the next year as well. In a way, that deck is a little bit stacked too because are we going to put the first year's money in and then not approve the next two years?

Chairman Wilshire

Right. Well that's a decision the committee will have to make.

Alderman Klee

Actually that was my question. We usually do it year by year and we look at each one as the merits. Where they're looking for a three-year commitment...

Chairman Wilshire

They're not looking for a three-year commitment today.

Alderman Klee

No but they're looking for a three-year commitment from the city for the project. Is that not what you said?

David Parker

That's correct.

Alderman Klee

So they are looking for a three-year overall commitment. If we did the 70 are we committing to 40 and 40?

Chairman Wilshire

Absolutely not. No that's not in this legislation.

Alderman Klee

I know but I'm just saying as he was speaking, he was looking for a three-year commitment. Don't get me wrong, I truly love this project. I think it's a great project and it's got a lot of merit and I'm all for it but I just was concerned if we're giving a statement that we're promising \$40,000 and then we're promising another \$40,000.

Chairman Wilshire

No. We're not promising...

Alderman Klee

So we're just looking at the 70 and that's it.

Chairman Wilshire

This stands by itself tonight. I mean when their application comes through the regular process, certainly we'll discuss that.

Alderman Klee

The letter that was attached from Carrie does specifically state that a total of \$70,000 is recommended for the first year with subsequent funding for \$40,000 each in years two and three. Application to be submitted through annual action plan.

Chairman Wilshire

That is not in tonight's legislation is what I'm saying.

Alderman Klee

It's in the attached letter. That's what I'm saying. Okay.

Carrie Schena

I wanted to put that detail in there just so that it was fully disclosed. They don't want it to be a one year commitment. I know Chairman Wilshire referenced the timing and we've had some conversations about they'd like to do it as early as this spring but ideally have money lined up and start launching this. If this is approved and it moves forward, we also have some administrative tasks where we have to draft the agreement. They'll have significant reporting that they have to do just like everybody else. I've spoken to some of the other communities where they receive CDBG funds and at least have a level of assurance that they're familiar with the amount of detail that they're going to have to provide.

Timing wise, the resolution for the annual cycle is typically approved by April. The plan is due to HUD by May 15th. I think it will be delayed this year just because there is no budget and right now we have a shutdown. We always aim for that timeline anyway. By April this committee will have had a chance to discuss the additional years and that might be part of the overall vote or conversation as well of what the whole future is going to look like.

Alderman Lopez

The general sense is looking at the whole scope of this project that we're probably going to need to be looking at somehow producing around \$70,000 for three years and we have a working plan for now which includes this legislation but there's also the component of fundraising and development. While you want to be receptive to not placing undue burden on your administrative staff or your organizing staff in their first year, their second and their third years might be considerably more successful. If your flagship model is somebody who is able to bake food for money, you're going to find a lot of opportunity in the tree streets. There's a lot of little closet bakeries that maybe we don't want to tell the Health Department about but if they went main stream, then there would be – and this is kind of the advent of mobile app. home delivery for food and that kind of stuff. There's a lot of opportunities and if those things came together in what's essentially a new market for you guys, would you reduce your expectation in the city if things were going really well?

David Parker

The success of our business doesn't affect our need for capital. I think I'm saying the right thing from your perspective. Like we have a wonderful success of our businesses that you saw in the prior slide but that doesn't make our economics change. We still have to find \$300,000. It's easier because we have...

Alderman Lopez

I was like you'll get more sponsors.

David Parker

We'll get more sponsors right but we have to knock on a lot of doors. It's not a slam dunk. As Krishna mentioned, we've been knocking on doors for a while. So this is a real breakthrough for us to have a commitment from the city saying in all of our sort of public profession, we believe in this and think your program is the right one for our community. So we think that's going to be a huge help. We know it's going to be a huge help in getting additional support from outside places. That kind of work continues. We have to hustle to get that \$300,000 every year no matter how successful our program in each of our cities. It's certainly easier when we can start tossing around these numbers and say this is what we've done literally here in the greater Nashua area. We still have to knock on a lot of doors.

Alderman Caron

A lot of the questions that Alderman Lopez asked Carrie, I was going to ask. As the member of the CAC that reviews 30 some odd applications, you had my brain flipping. This resolution if we approve this, we're giving you \$70,000 to get started but you have put in an application for next year's funding which starts in July. Is that what I'm understanding? So basically you're getting funding twice within even though it doesn't start to July obviously because we don't have the money but you're getting some funding ahead of the actual meetings that we're going to have to discuss the 35 agencies and their requests.

I think this is a great idea. That's just my concern because we have a lot of agencies that are small and that require the city's support in order for them to do their due diligence to get other people to sponsor them. That kind of really rocks my boat. I want to say yeah go but on the other hand if they're on hours at end reviewing applications and debating how much to give someone when we're looking at almost \$1 million worth of requests this year. This is really tough for me because I'm saying okay I'm putting a resolution in for you but we don't do it for everybody else and you're still putting in an application. It's not a reflection because I think it looks like you've succeeded with all of these small businesses and that's what we want. We want success. This part of it is really weighing on me I have to say. When you said that because I haven't seen all the apps. and I went oh my god now what does that do for us and what does that do for the agencies that are asking for money. I think Carrie is going to give an answer and then I can go home.

Carrie Schena

This is actually a specific activity that's eligible in the regulations as MicroEnterprise development which is separate from the human services. It's not part of that 15 percent cap. Just as a point of clarity, the application that they did submit will be before Human Affairs Committee in the general pool of CDBG. It won't be in what they used to call "review and comment". Now the Citizens Advisory Commission. Again it's a nitch in the HUD regulations that specifically call out MicroEnterprise development.

As far as the timing, you mentioned that they'd be getting year one money now sort to speak and then again July 1st. It actually wouldn't work that way. If they were to receive the funding now, their year one would be when their year one starts. Year two which is what they've submitted for as we all know, we're starting to talk about CDBG now for next fiscal year. That money is really not available for about a year. By the time HUD signs our grant agreements, it used to be September/October. This past year it was November that we signed agreements with them. Although we're starting the process now for an application that's due in the spring to HUD, that money won't be available. I looked at the timing and said do they need to apply this year or could they hold off until next year cycle but that would have ended in a gap. They're not going to get the money unless they're actually spending it. There will be an agreement. It will say it's for this position, X number of hours, X number of dollars and they'll have to submit for reimbursement for that. The money will stretch. It's not going to line up with our fiscal year per say but we'll report those accomplishments in each of our years as they occur.

David I don't know if you have it handy some of the numbers you had provided me about what the \$70,000 will serve. If you don't, I have it in front of me.

David Parker

I don't have it in front of me but why don't you go ahead and remind us.

Carrie Schena

So this \$70,000 would be broken down between \$50,000 for the personnel expenses which would be those two positions David mentioned and then \$20,000 of it would be the grants to the qualified entrepreneurs. He said that in the first year they would expect to do three pitch contests with 50 entrepreneurs and of that 20 of them would go into the accelerator program. Then there's statistics on who they expect to reach. The majority of them being low to moderate income and 60 percent women, 40 percent minority, and 10 percent immigrants. Again with the CDBG funds as we all know, it is very restricted to who is eligible and how that gets reported out. Again they're going to have to meet benchmarks and goals, submit for reimbursement, and then get the money back. CDBG is never a blank check up front much to people's dismay.

Alderman Klee

I just have kind of quick question of clarity here. You spoke and said that we had done four MicroEnterprise. Is that correct? With a zero success rate?

Carrie Schena

I think it was four. I actually mentioned the number in the memo.

Alderman Klee

I guess I missed that. In any respect, they've got an 83 percent success rate but the difference is we'd be giving them the \$70,000 from the revolving fund? Is that the right way? It doesn't get paid back with interest or much like these other companies. There's no revenue that comes from the \$70,000. We basically give it to them. It's gone. It's out of the revolving fund. Pardon my lack of knowledge here but does that get replenished with each grant here?

Carrie Schena

So some of the activities that we do generate income. The revolving loan fund was one of them. Like I said, they were loans that went to the businesses and it may have been a two-year, five-year loan

whatever it was structured at. Some of them made repayments. As you mentioned, none of them actually survived so we ended up writing off a significant portion of that money. Those loans were designed to be risky by nature. They were not bankable businesses to start with. That was the whole point of CDBG.

Under this model, this would not be a revenue generating or income producing CDBG activity. IT would be a grant much like most of the money that we put out into the community. The only other income producing activity that we have – and when I say income, it's programming that comes back to the pool of CDBG is the housing rehab program and those are structured as loans and homeowners repay that when they sell their property. We're not in the business to generate money but it is nice when we get those homeowner rehab it goes back into the pool.

Alderman Klee

I guess I have more of a comment here. Personally I'd like to see the \$70,000 go where it's going to really go out there and spread in the community and work for it than us taking a risk on four businesses that didn't survive. In the end, we gain nothing as a city and we gain nothing for the fund. I just wanted to make that statement.

I do agree with what Alderman Caron said. My concern too was this is taking away from another but you said its' not within that same venue. Is that correct?

Carrie Schena

It's not considered what CDBG calls a public service or what we call a human services. It's not in the group with the citizens advisory.

Alderman Klee

That 15 percent?

Carrie Schena

15 percent.

Chairman Wilshire

But it does in the overall applications for CDBG because the deadline was just what a week or so ago?

Carrie Schena

This past Thursday.

Alderman Klee

So if we approve this at \$70,000 out of the entire pool of whatever...

Chairman Wilshire

No this is a different pool of money.

Alderman Klee

This is last year's money that would have been rolled over into this year's money. So that's why I'm saying it pulls it away from what would have been rolled into.

Chairman Wilshire

Correct. Competing with the other organizations. Yes.

Alderman Klee

So we would pull it out of rolling it over. We'd use it from this year's funding is that correct?

Chairman Wilshire

If that's the committee's will.

Alderman Klee

If we're not and forward.

Alderman Lopez

I don't think all of it would have rolled over because the revolving loan fund still would be sitting there pointlessly. So we're talking about \$30,000 of money that would have rolled back into the general competition. Ultimately the reasoning behind having to do it that way this year is because the government is slow and we needed a cheat code to take advantage of this now because any competition money or any CDBG money that is approved by the committee moving forward isn't going to get there until next year.

You can't really argue with the success rate and if you look at our \$100,000 or so that we put in to get four businesses that failed and recoup 40 percent of it, that's not really generating revenue. It's like planting flowers on a grave. I think it makes more sense to create the revenue out of the community's development as the block grant intends. Getting entrepreneurs into the Crown Hill, and Millyard, and tree street areas to start generating revenue and moving away from being on government assistance and moving towards employing others and building their own assets obviously is the point and the purpose of the whole thing.

I would also point out that this is the time to do it really because the economy is still chugging along. It is a good time to invest and people do have a little more discretionary money to maybe go for supporting their neighbor's plan that they like versus going to Market Basket and just sticking with your basics. I made a joke earlier about of course everybody I ever worked with at the Soup Kitchen is fine and everything has been fixed for them. The reality is a lot of people that you work with in the Soup Kitchen are in an emergency situation. There's a completely worn out metaphor we use all the time but its always true is, "you can't redecorate your house while it's on fire". When someone is in an emergency income situation where they have no income, their housing is in jeopardy, or they're worried about taking care of their family, or they're even stuck in a nonproductive employment scenario, they can't really look at how do I make a plan for what will work? How do I invest my dream in a mentored model and start moving forward in life and advancing? So as long as I've worked at the Soup Kitchen, a program like this was kind of lacking. We needed more business supports because there was always people who had models that would have been completely fine if they were year round. Maybe they worked in landscaping, or maybe they worked in construction, and for 8 months of the year they're doing fine and then for 4 months they're getting nothing.

That is a good balance where maybe a home business or an entrepreneurial activity they have the time to really invest in developing and creating an idea and moving it forward it might make them a little less dependent on whatever literally the weather is doing. I have some mixed feelings about the source. I would say as aldermen it seems we haven't found that bank account full of money that we haven't been using. It's like we're digging at the bottom of everything lately. It seems like a really good investment. I hope the committee considers passing it forward.

Chairman Wilshire

Anything else? Well thank you. We will take up the resolution and you can have a seat in the audience, or you can leave, whatever you'd like to do. Thank you for answering all of our questions. Thank you for the presentation.

Krishna Mangipudi

I'd like to thank you all for giving us this opportunity to come here and present to you and also thank you for your time.

Chairman Wilshire

The motion before us by Alderman Klee is to recommend final passage. Discussion on that motion.

MOTION BY ALDERMAN KLEE TO RECOMMEND FINAL PASSAGE TO THE FULL BOARD

ON THE QUESTION

Alderman Caron

I think this is a wonderful idea and I don't have a problem using the revolving loan fund balance because we're not getting people coming forward and this looks like a group that would be very helpful. My two concerns is the other \$30,000 that we could put back into some of those applications that are coming forward. The other thing is, and I appreciate Carrie's memo where she's talking about another \$40,000 for the next two years, it's almost like making a commitment and on the other side the other committee that deals with the other agencies, we've talked about setting up so that it would be a two or three year process that they would get X amount of money but we really can't do that because we'd never know how much money we're going to get which makes it very difficult for us. I'm in a quandary here because my feeling was to amend this and to just give them the amount from the MicroEnterprise fund and to delete section 2 and 3 of the resolution. That's just my feeling at this point in time. It's not anything against the group. It's just what happening now and what we're looking to do in the next two months.

Chairman Wilshire

Is that your motion Alderman Caron?

MOTION BY ALDERMAN CARON TO AMEND RESOLUTION R-18-101 TO GIVE E FOR ALL THE BALANCE FROM THE REVOLVING FUND AND TO DELETE SECTIONS 2 AND 3 AND BE PART OF THE OTHER RESOLUTION FOR CDBG MONEY

ON THE QUESTION

Alderman Klee

I guess because of the way this works and every two years we change a good portion of this board. The one thing I've learned from being a State Rep. is you can't hold the next group, board's feet to the fire. I have no problem with approving the \$70,000. I just don't want to make promises that we can't possibly keep and give the city a black eye. I don't know whether or not they would feel comfortable with us saying we approve this but no guarantee for the next year. You'll have to resubmit and so on as we do with anything. It would be nice if we could make a 2 or 3 year commitment for any group going forward. Because we never know how much funding we're going to get, we never know how much any of that – I feel comfortable with doing the \$70,000 but no promises made.

Chairman Wilshire

There are no promises in this legislation.

Alderman Klee

I know but I'm just saying I don't want to indicate that there's any promises made.

Alderman Lopez

I have a question for Carrie again. So my question is – well you could just say no – if it was amended and only the revolving loan fund was approved at this time, could the Board just revisit it like could there be a model where the CDBG money is presented with the money in place or could the total CDBG amount be withheld? I don't know if you have to report how much is leftover at some point and then that goes into a pot or something.

Carrie Schena

I'm not sure I follow you. I'm sorry.

Alderman Lopez

Do they have to commit the extra \$37,000 something from the CDBG overages? Does that have to be committed now for any particular reason or can they look at the submissions that are coming in and then say yeah we'll do it now?

Carrie Schena

No there's no hard rule that says we have to roll it forward at any given point. Sometimes there are projects that are kind of in limbo for a couple of years before we even know and that money is sitting out there.

The other thing I wanted to mention earlier but the opportunity didn't present itself was that this year's contingency also ended up higher than what was anticipated. At the time when the Aldermen were working on the CDBG budget, it was an estimate. We didn't know what the final grant was going to be. When the final grant number came in and as we normally do is if it's lower, we adjust contingency down and if it's higher it goes up. This year in FY19 contingency is at about \$47,000 which is quite high. That is a number that I would have, again, included next month when I'm here for consideration. Perhaps, again, it's just shifting hats or pots of money. If it's a more comfortable thing to say that it could come out of this year's contingency. Again you're just kind of shifting the money around but those funds will be rolled forward as well.

Chairman Wilshire

So right now today there's \$47,000 in CDBG contingency.

Carrie Schena

\$47,409.

Chairman Wilshire

That's a healthy sum. That makes it a lot easier to make a decision.

Carrie Schena

Typically I think that hovers around \$5,000 to \$7,000 on any given year.

Chairman Wilshire

Alderman Caron you're going to rescind your motion?

Alderman Caron

Yes.

MOTION BY ALDERMAN KLEE TO RECOMMEND FINAL PASSAGE OF R-18-101

ON THE QUESTION

Chairman Wilshire

I will not be voting on this. My employer has applied for future funding. Not this year, it's not really in contention with this money but I won't be voting.

Alderman Klee

No I wanted to make sure that the motion is for the \$70,000.

Chairman Wilshire

The motion is for the \$70,000.

Alderman Klee

Which would be the \$46,846 from the revolving fund, the \$13,800 from Bridges, and \$9,291 from the Salvation Army, is that correct? That's the way this reads.

Chairman Wilshire

That's correct. Further discussion on the motion for final passage.

MOTION CARRIED

NEW BUSINESS – ORDINANCES – None

GENERAL DISCUSSION - None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN

Alderman Harriott-Gathright

I just want to say that I was quite impressed as well with the slides and everything and their success rate. It's just amazing and if something like that here in Nashua I think would go a long way.

Chairman Wilshire

I agree. I think they did a great presentation. I think their numbers look really good.

Alderman Klee

I was impressed with the 83 percent. I have a friend who just started a small business and she took a small course. They out and out said that within a year I think there's over a 60 percent failure rate and by year two it's even higher. The food industry was one of the worst. So to hear what their success was with this was just amazing.

Alderman Caron

I think also it's good that it's out of our hands and into someone else who can really donate 100 percent of their time to this where we're not getting people coming forward to look for this funding. I don't see that as a problem.

Chairman Wilshire

I agree. I think it's a good use – and it's like for like. These monies were going to be used for that except instead of being a loan it's a grant which I think will really carry better throughout our community.

Alderman Harriott-Gathright

My only thoughts with that is the issue with marketing that we have a city does seem to have a problem really. I'm just curious and I should have asked them what's so different about their marketing plan. We'll get a chance.

Chairman Wilshire

They'll be back before us.

ADJOURNMENT

**MOTION BY ALDERMAN CARON TO ADJOURN
MOTION CARRIED**

The meeting was declared adjourned at 8:40 p.m.

Alderman Linda Harriott-Gathright
Committee Clerk



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through grassroots entrepreneurship





BENEFIT

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- Participate in intensive 3-month process, followed by 9 months of ongoing support
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EforAll startups are:



73% WOMEN-OWNED



**59% PREVIOUSLY
UNEMPLOYED**



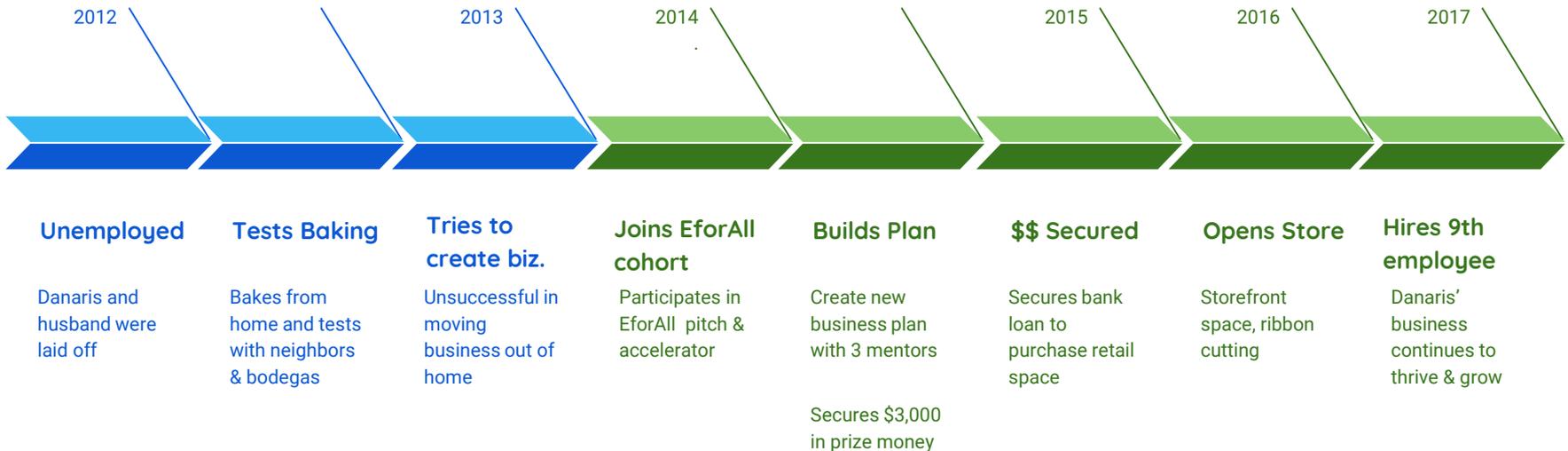
57% MINORITY-OWNED



52% IMMIGRANT-OWNED

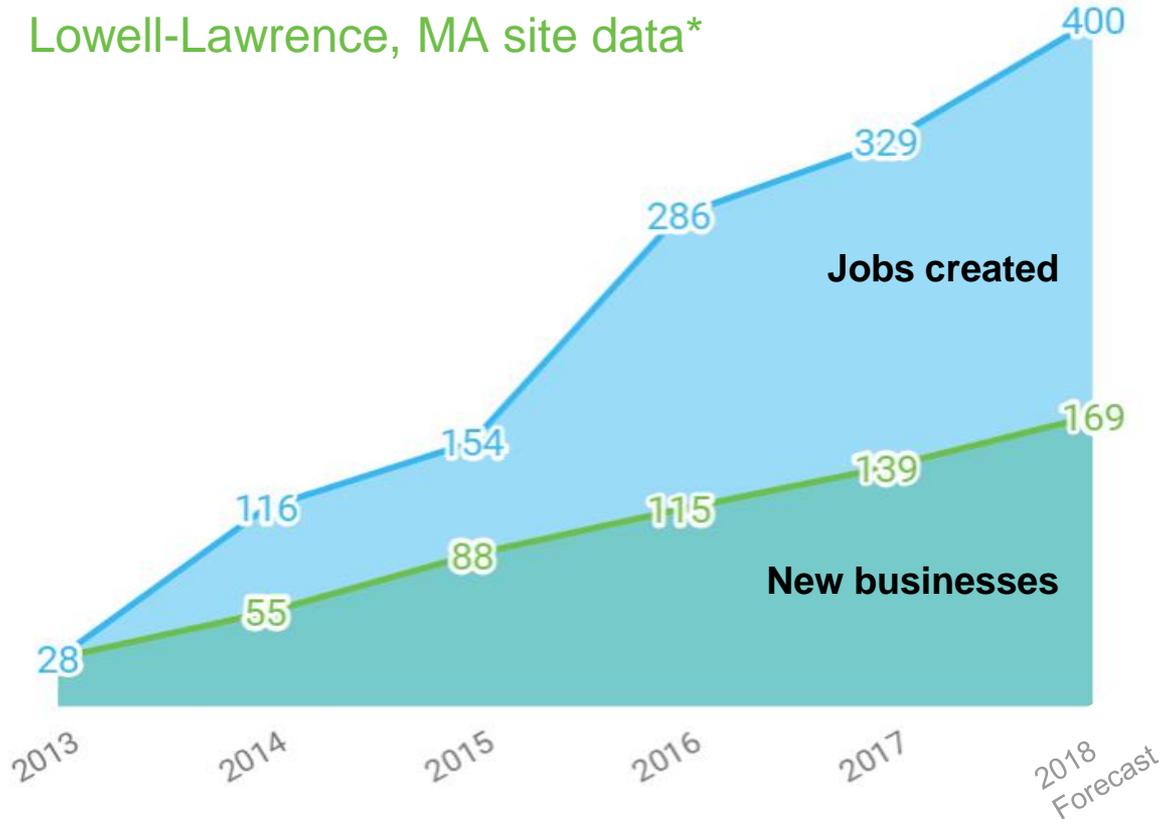
Danaris' entrepreneurship journey

Danaris Mazara, Founder,
Sweet Grace Heavenly Cakes, Lawrence, MA



Direct, measurable and lasting impact

Lowell-Lawrence, MA site data*



\$7.5 M
new revenue



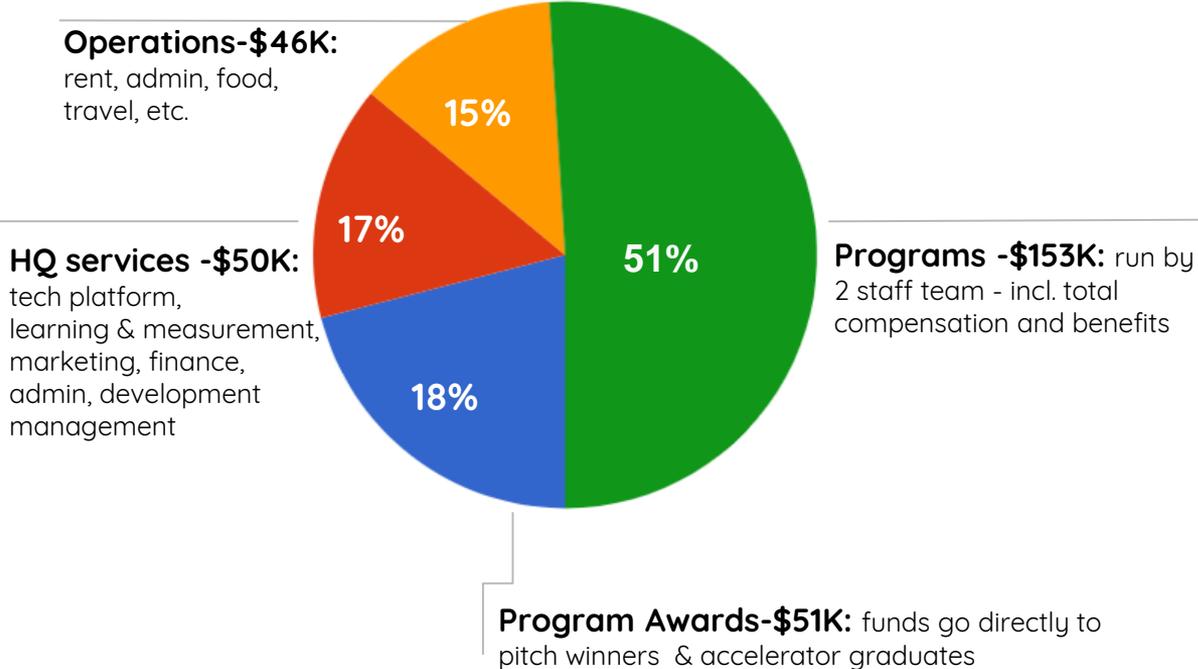
\$10.2 M
capital raised

83% of startups ongoing

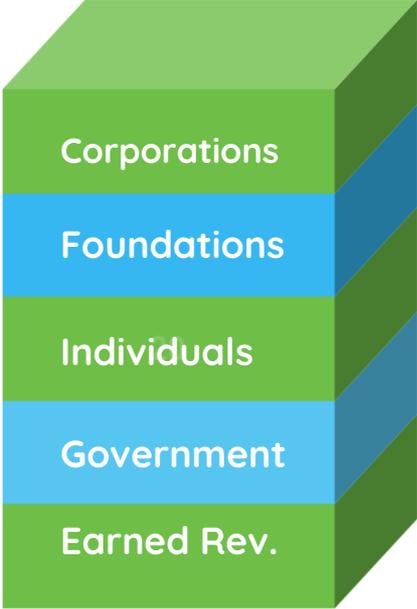
*Job data are compiled thru annual survey of EforAll accelerator alumni thru 2017

Annual site budget: \$300K

EXPENSES



INCOME SOURCES



Thank you!

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