

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

ORDINANCE NO: 714-2019

Project Name: Capital Access Fund of Greater Cleveland
Project Address: Citywide
Funding: \$200,000 UDAG Repayments or NDIF

Project Description:

The National Development Council (NDC) approached the City to extend the Capital Access Fund Program which has successfully helped minority and female owned businesses at all stages with business development, pre-loan counseling services, affordable capital and post-loan counseling support during the life of the loan. The National Development Council (NDC) or designee seeks to fund a loan loss reserve to make available up to \$4,000,000 in flexible and patient capital for low cost loans to minority small businesses in the City of Cleveland.

City Assistance

Up to \$200,000 UDAG repayments or NDIF to fund the loan loss reserve.

Basic Program

Phase 2 of the program will be similar to the pilot phase. The program will continue to work with minority and female lead companies focusing on providing capital to business located in low-income neighborhoods.

The Capital Access Fund of Greater Cleveland (CAFGC) is a three part program offering minority businesses (1) pre-loan counseling, mentoring, and coaching, (2) properly structured financing designed to meet the needs and capacity of minority business and (3) post loan counseling and technical assistance for as long as the business remains a borrower.

The loan fund will accept applicants who are:

- For profit
- In business for a minimum of 18 months
- Current on all federal, state and local taxes
- Must be a client of a local Small Business Development Center (SBDC) or other business development service provider.

Interest Rate and Terms

- Loan amounts will range between \$10,000 to \$2,000,000 dollars.
- Proposed interest rate for non-real estate deals will not exceed 9.95% for business utilizing PNC funds. For real estate deals, NDC will leverage the existing Grow Cuyahoga Fund which has an existing, variable interest rate of prime+1.75%.
- Terms will be up to 6 years for Machinery& Equipment and working capital deals.
- Up to 25 years for construction and real estate deals through Grow Cuyahoga Fund.

Job reporting will be a requirement of the program per the City of Cleveland contract including the use of the Workforce Development Agreement to assist companies with hiring.

Economic Impact

- Leveraging public funds to assist minority small businesses.
- Leverage up to \$4,000,000 loan pool for small business borrowers in the City of Cleveland and Cuyahoga County.