



AGENDA MEMORANDUM

Corpus Christi B Corporation Meeting January 9, 2023

DATE: December 22, 2022

TO: President and Honorable Board Members,
Corpus Christi B Corporation

FROM: Mike Culbertson
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Amendment to LiftFund Agreement

CAPTION:

Motion authorizing an amended Small Business Incentive Agreement between the Corpus Christi B Corporation and LiftFund, Inc. for the loan buy down program from October 1, 2022 through September 30, 2023.

SUMMARY:

This motion approves an amendment to the agreement between the Type B and LiftFund for Small Business Assistance.

BACKGROUND AND FINDINGS:

LiftFund, Inc. supports small and start-up companies with a loan interest buy-down program when traditional financing is not available. Type A and now B has provided funding since 2004. LiftFund has loaned \$9,587,804 of their own funds and has assisted over 592 small businesses in the city since the inception of this program. Since 2015 small businesses helped by LiftFund have retained 288 jobs and created 224 new jobs. In 2021-2022 the grant was reduced to \$49,000 due to budget constraints. They used all of this grant and would like to get back to the \$100,000 level. While this year has been extremely slow there are still request for business loans. The grant was down to \$49,000 last year but there were many government assistance programs that were available during the pandemic that LiftFund used to help businesses. They would like to have the buy-down interest rate to 5%. This would not increase the grant. With the rising interest rates the 7.5% buy-down would still leave many loans too expensive.

The Board approved an agreement on November 14, 2022. Since this time LiftFund has asked for modifications to the agreement. As a result of these requested changes the agreement must come back to the board for consideration.

The requested changes are illustrated in the red lines below:

WHEREAS, LiftFund anticipates, over the next twelve months, providing interest buy down to 5.5% for approximately ~~60~~20 loans with an average value of \$25,000 to low- and moderate-income micro and small business owners in Corpus Christi to generate approximately ~~20~~10 new

permanent full-time jobs; and

3. Interest Buy Down Program.

ii. The request from the applicant must include an ~~notarized~~ affidavit stating that they have applied for normal financing from a bank, or similar lending institution, and have been denied a loan.

iv. Upon LiftFund approval of a loan, ~~and prior to the closing of the loan~~, LiftFund shall submit Attachment "A" to the Corporation requesting funds to buy down the interest rate from the interest rate allowable per the underwriting criteria to 5.5% or 0% interest for loans related to recovery from damage caused by a hurricane. The Corporation authorizes an interest buy down up to 7% of the interest rate to finance the loan. Payment by Corporation shall not exceed \$17,500 per loan and shall be calculated using the following formula:

v. ~~The Corporation shall provide a response to approve or deny the reimbursement for the Interest Buy Down Program funds to LiftFund with 2 business days of receipt of Attachment "A."~~—The Corporation shall reimburse funds within 30 days after evidence of closing the loan is submitted.

7. ~~Representative on LiftFund governing board. LiftFund agrees to appoint a person designated by the Corporation as a member of LiftFund governing board.~~

The changes are requested to reflect the history of the program and the reason that costs have increased switching results into fewer loans and fewer jobs created.

ALTERNATIVES:

The Board may choose to accept all, some, or none of the requested changes to the agreement.

FISCAL IMPACT:

This item will use \$100,000 of the \$775,000 budgeted for the Type B small business assistance program funds

FUNDING DETAIL:

Fund: 1145 B Corporation Fund
Organization/Activity: 15020 Small Business Projects
Mission Element: 707
Project # (CIP Only):
Account: 530000 Professional Services

RECOMMENDATION:

Staff recommends approving the agreement with the changes.

LIST OF SUPPORTING DOCUMENTS:

Letter Requesting Type B Funding