



## AGENDA MEMORANDUM

Corpus Christi Business and Job Development Meeting August 19, 2019

**DATE:** July 19, 2019

**TO:** President and Honorable Board Members,  
Corpus Christi Business and Job Development Corporation

**FROM:** Mike Culbertson, COO  
Corpus Christi Regional Economic Development Corporation  
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### Extend Grant for LiftFund

#### **CAPTION:**

Motion authorizing Renewal No. 2 of the Small Business Incentive agreement with LiftFund for the interest buy-down program in the amount of \$150,000 from October 1, 2019 through September 30, 2020.

#### **PURPOSE:**

Approve a Type A Grant renewal for LiftFund for a loan buy-down program for Fiscal Year 2020

#### **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 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 2018 LiftFund has made loans to 18 different businesses. These businesses have created 18 new jobs and retained 60 jobs. The Board approved the Small Business Assistance budget on July 15, 2019 and is pending City Council approval. The current agreement allows for the Board to extend this agreement for one more additional year. LiftFund uses this incentive on all loans made within the city limits. Without this incentive the number would be greatly reduced. It is difficult to estimate since the quality of the borrower weighs heavily on the results. This is LiftFund's performance over the last four years.

	Grant	Loans	Clients	Retained	Created
2016	\$ 248,739	\$ 948,123	55	79	147
2017	\$ 158,827	\$ 507,663	35	107	37
2018	\$ 110,047	\$ 384,016	26	71	20
2019 ytd	\$ 83,990	\$ 290,369		46	

			12		34
Total	\$601,606	\$2,130,173	128	303	238
Est 2020	\$150,000	\$500,000	25	65	25

### **ALTERNATIVES:**

Enlist local banks to lend to small businesses. However, to qualify for this program, small businesses must have been turned down for a bank loan. Additionally, local banks already participate in the Small Business Administration (SBA) loan program.

### **OTHER CONSIDERATIONS:**

By helping small businesses, the City is increasing the economic development and growing future jobs. Every \$1 lent by LiftFund generates up to \$14 in economic activity. Small Business Economic Impact \$87 Million (based on a seven-year study)

### **CONFORMITY TO CITY POLICY:**

This project is consistent with the City's stated goals of promoting economic development and assisting small businesses thrive in Corpus Christi.

### **EMERGENCY / NON-EMERGENCY:**

Non-Emergency

### **DEPARTMENTAL CLEARANCES:**

Legal

### **FINANCIAL IMPACT:**

x Operating      ☐ Revenue      ☐ Capital      ☐ Not applicable

<b>Fiscal Year: 2019-2020</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget			603,500	603,500
Encumbered / Expended Amount				
This item			150,000	150,000
BALANCE			453,500	453,500

Fund: 1140 Business and Job Development Fund

**Comments:** This item was approved by the Type A Board in the Type A Small Business Proposed FY20 Budget.

### **Funding Detail:**

Fund: 1140 Business and Job Development Fund  
 Organization/Activity: 15020 Small Business Projects  
 Mission Element: 707 Economic Development  
 Project # (CIP Only):  
 Account: 530000 Professional Services

**RECOMMENDATION:**

Staff recommends approving the renewal of the grant for one year for \$150,000 for their small business loan buy-down program.

**LIST OF SUPPORTING DOCUMENTS:**

Letter Requesting Renewal of Program  
Small Business Incentive Agreement – LiftFund Buy-Down Program