



Fund Recapitalization and Expansion

Thank you

for joining the conversation today. Send us your questions and comments!

Welcome

The Broadcast will begin at 2:00 PM (Eastern)



Fund Recapitalization and Expansion

Moderator

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Pearl-Jean Mabe

Director, Research & Technical Assistance
Council of Development Finance Agencies

See all of CDFA's resources online at www.cdfa.net/resources



Fund Recapitalization and Expansion

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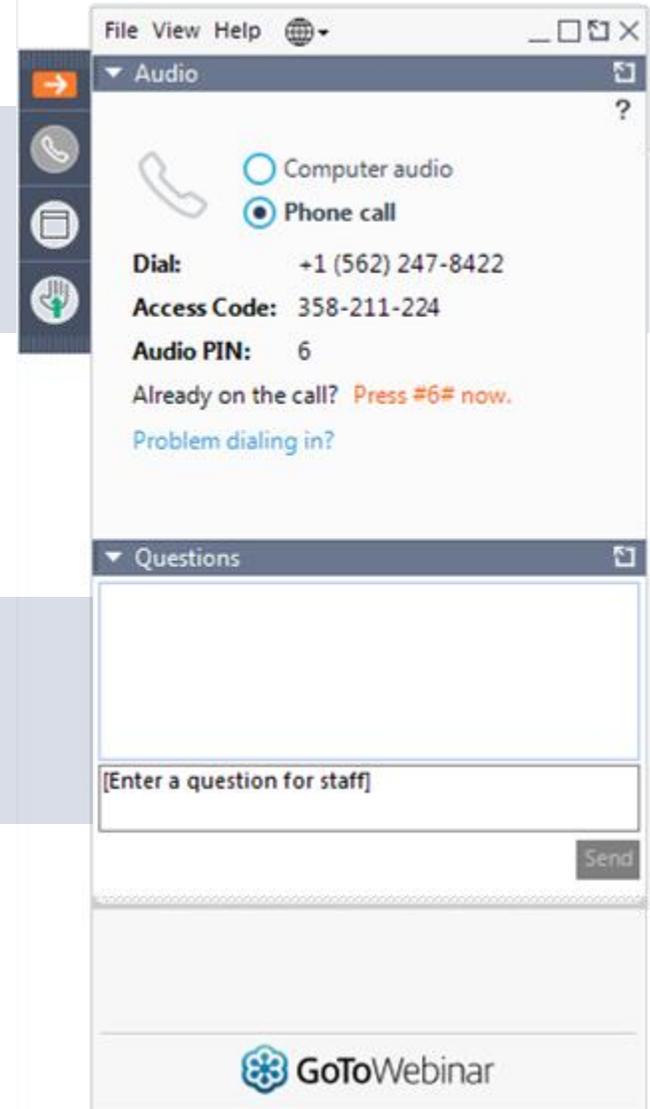
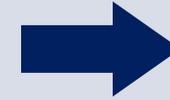
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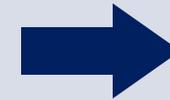


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Using your telephone will give you better audio quality.



Submit your questions to the panelists here.



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Panelists



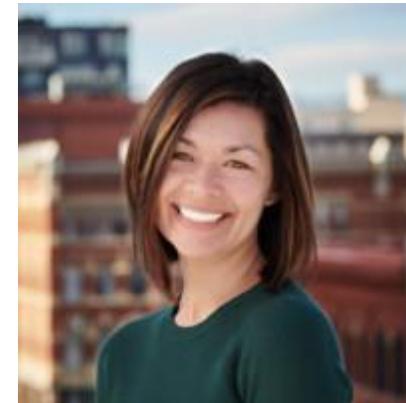
Michelle Beecher

Lending Associate
Rural Nevada Development Corporation



Gina Hill Slater Parker

President & CEO
Long Island Development Corporation



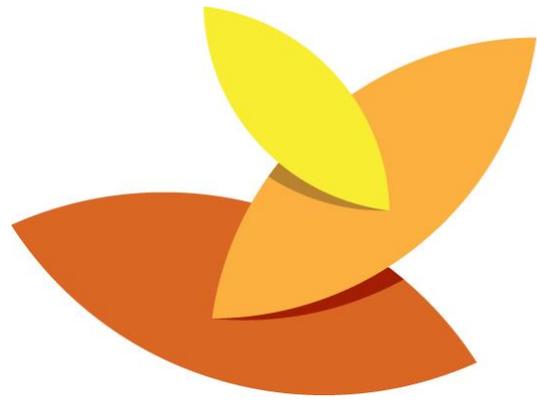
Marie Peters

Senior Loan Officer
Colorado Lending Source

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COLORADO
LENDING SOURCE

Fund Recapitalization & Expansion

Council of Development Finance Agencies (CDFA) Webinar

October 22, 2019

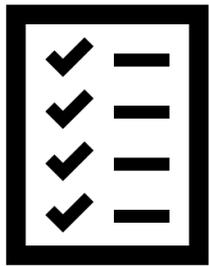
Marie Peters, Main Street Lead

Marie@ColoradoLendingSource.org

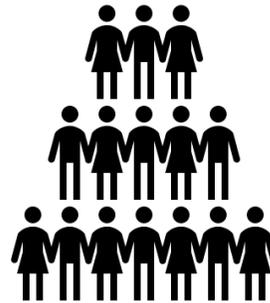
303.657.0010

About Us

Colorado Lending Source cares about small business, about creating long-term alliances with our lending partners and borrowers, about being a resource to empower entrepreneurs and about making Colorado the best state in the nation to start and grow a business. We partner with local lenders, government agencies and resource partners to make access to capital more attainable for small businesses through a of loan programs. In 2018...



221
Loans Approved



1,747
Jobs Created



\$331,647,205.97
Economic Impact

A woman in a dark sleeveless dress is smiling and pointing upwards with her right hand towards a whiteboard. She is in a meeting room with other people, one of whom is visible in the foreground on the right, wearing glasses and a dark shirt. The background shows a large mural or map on the wall. The entire image has a warm, orange-toned overlay.

**OUR MISSION IS TO FOSTER THE ECONOMIC
GROWTH OF DIVERSE SMALL BUSINESSES
WITHIN OUR COMMUNITIES.**

Our Funders



2011

2013

2016

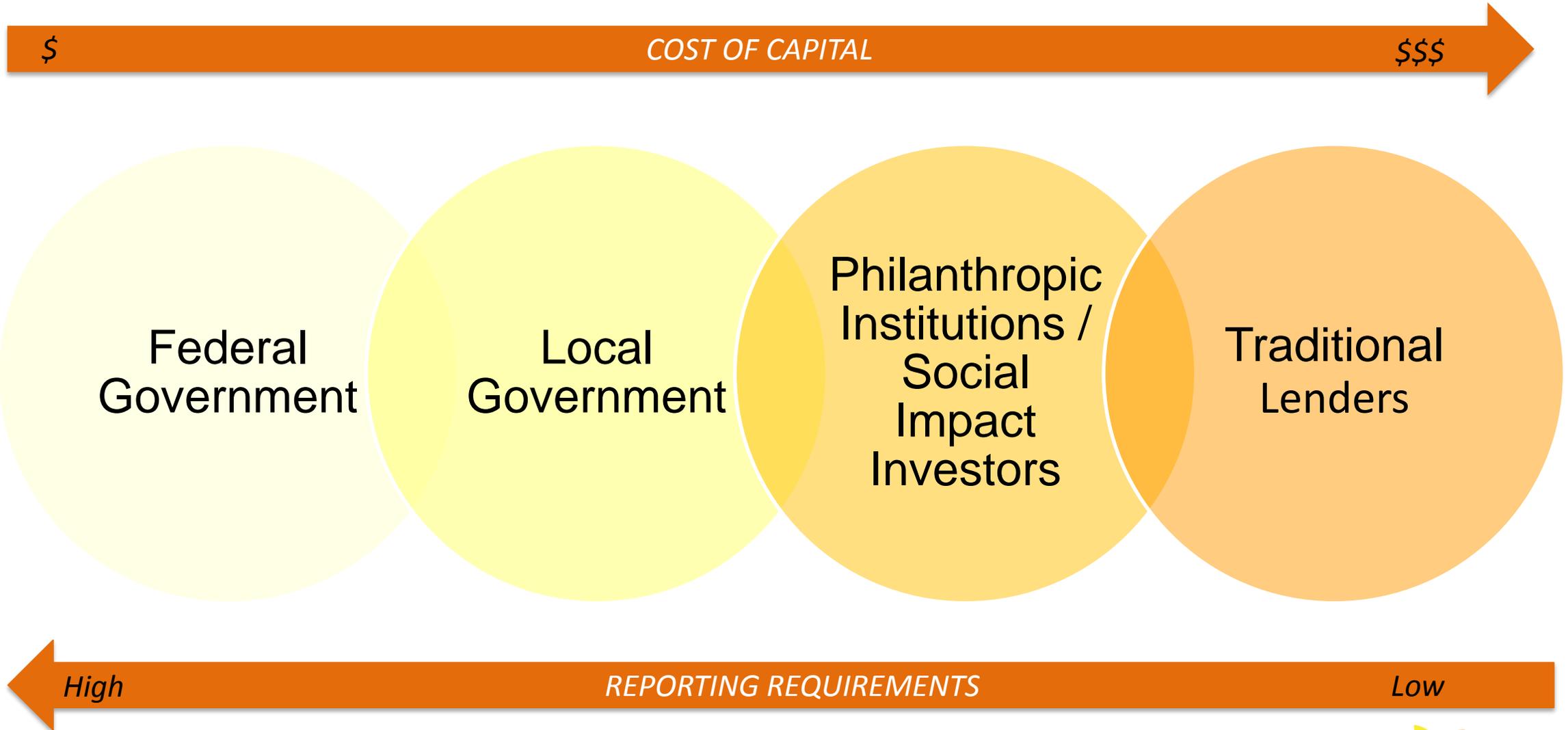
2012

2014

2019



Spectrum of Financing Sources



Things to Consider

- Government (Federal & Local)
 - Low cost, typically unique reporting requirements (you are using tax-payer dollars!) Typically won through grant-writing and/or RFP process, which can be time-consuming. Once relationship is established, easier to “win” more funds.
- Philanthropic Institutions / Social Impact Investors
 - Because they are mission-based, if you are aligned with serving the same population, they can often be an affordable source of capital, with more flexible repayment terms for program-related investments (PRI) / mission-related investments (MRI) that may even come with a grant component. These relationships can take time to foster, but once established, can be very favorable to both parties.
- Traditional Lenders
 - Cost of capital may be higher, but reporting requirements are minimal, quite frankly, they care about being paid back. If working with a bank, they will likely want the funds to be deposited into their bank. Therefore, depending on how many lenders you work with, you may need a different bank account for each. Underwriting process may take time if you do not have a pre-existing relationship.
- Our philosophy is no amount is too small, we begin relationships with whatever amount the funder can give and hope to grow from there.

How to Handle Reporting

- Finance team is responsible
- Monthly
 - Credit Agencies
 - Delinquency report (one funder)
- Quarterly
 - Due 30 days after quarter ends
 - Report specific to the revolving loan fund
 - Organizational financial statements
- Annual Reports
 - Year-end audited financial statement due 90 days after year-end
- Standardize When Possible
 - As we on-board new funders, we typically share the formatting of what we have and hope that they accept it to less the administrative burden
 - In order to stay consistent make it easier, requirement one funder, we do it across all programs



QUESTIONS?



Rural Nevada Development Corporation

MICHELLE BEECHER
LENDING ASSOCIATE



*** Acronym
Disclaimer***

- 
- Private non-profit, established 1992
 - Began as a "Lender of Last Resort", now functions as an "Alternative Lender"
 - Lending in all 16 counties in Nevada, focusing on the rural areas
 - Currently has approximately 85 active loans
 - Has lent over \$20 million and saved/created thousands of jobs

In the beginning...

- ▶ Funds began as a USDA Rural Business Opportunity Grant
- ▶ Application for first Intermediary Relending Program successful
- ▶ Currently lending out IRP
8

The USDA logo features the letters "USDA" in a large, bold, blue serif font. To the right of the letters is a vertical lime green bar. Below the text is a stylized green landscape graphic consisting of several horizontal, curved bands of varying shades of green, representing rolling hills or a field.

Reasons to Diversify

- ▶ To become more competitive on national applications
- ▶ USDA is somewhat restrictive





- Have now spent out 2 \$1M awards
- Lent and funded the second within the first quarter of receiving it
- Also asked to take over the White Pine County loan fund rather than lose those funds to our area

- One of 10 non-profits nationwide chosen to relend \$1M loan
- Program is no longer in operation, however RNDC's award has been lent out once and revolved out again





charles
SCHWAB



NEVADA STATE BANK

**WELLS
FARGO**

What Didn't Work

- ▶ NRLF (Nevada Revolving Loan Fund) Early Years
- ▶ Turned into REDF (Rural Economic Development Fund) Revived NRLF
- ▶ Both funded by CDBG
- ▶ Labor intensive reporting
- ▶ Amount awarded reduced each year



CDBG
Community Development
Block Grant

The logo for the Community Development Block Grant (CDBG) is displayed in a white rectangular box. The acronym "CDBG" is written in large, bold, sans-serif letters, with the "C" and "B" in blue and the "D" and "G" in orange. Below the acronym, the full name "Community Development Block Grant" is written in a smaller, bold, blue, sans-serif font, arranged in three lines.

Fund Recapitalization & Expansion

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www.lidc.org



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**Successful
Development
Finance
Agency**



+



=

**Successful
EDA
Revolving
Loan
Fund**

Thank you for your participation

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Question and Answer

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CDFA EDA Revolving Loan Fund Best Practices Program



The EDA Revolving Loan Fund Program is a staple of the federal economic development access to capital delivery system. The program, established in 1975, is designed to provide grants to state and local governments, political subdivisions, and nonprofit organizations to operate a lending program that offers low-interest loans to businesses that cannot get traditional bank financing. Grant recipients are required to manage their RLF according to their RLF administrative plan, a document that describes the lending strategy and administrative procedures for a specific RLF project. The **EDA** has charged CDFA with developing an education program which will help to improve this crucial program.

CDFA has worked with the **EDA** to develop an innovative technical assistance approach to better support and improve the more than 500 EDA funded Revolving Loan Funds in the United States. The CDFA EDA RLF Best Practices Program will include a diverse set of offerings that will encourage learning, best practice collaborations, evaluations of service efficiencies and improvements, and a comprehensive resource collection and dissemination process.

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Upcoming CDFA EDA RLF Best Practices Training's

CDFA EDA Revolving Loan Fund Training – Atlanta Region

Tampa, FL

November 5-6, 2019

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CDFFA EDA Revolving Loan Fund Best Practices Program



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Key program elements will include:

- **EDA Revolving Loan Fund Training**
CDFFA will present its comprehensive Intro Revolving Loan Fund Finance Course once in each of EDAs six regions. The course curriculum will be tailored to address the specific needs of EDA RLF grantees with a focus on introductory elements related to program design, marketing, management, decision making, pre- and post-loan closing processing, disclosure and monitoring, underwriting strategies, program expansion, evaluations and program risk strategies.
- **EDA Revolving Loan Fund Webinar Series**
Understanding that not all RLF grantees will have the resources or ability to attend in-person training, the CDFFA EDA RLF Best Practices Program will offer an exclusive online learning environment through CDFAs established webcast system. This learning module will include twelve, ninety minute, webinars focused on specific RLF program management best practices.
- **EDA Revolving Loan Fund Peer-to-Peer Learning Exchange**
CDFFA and EDA will match low performing loan funds with high performing loan funds over the duration of the program in order to encourage learning from best practices. CDFFA staff will lead conversations and pairings with most exchanges occurring as scheduled web meetings. Peer-to-Peer learning participants are encouraged to attend the regular webinars and then hold a follow-up meeting for a peer exchange on the same topic.

• EDA Revolving Loan Fund Training

• EDA Revolving Loan Fund Webinar Series

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