BACKGROUND

- City Commission increment of \$80,000 in FY 2018 Budget for Small Business Loan Fund
- Access to Capital for entrepreneurs is identified as an issue by various stakeholder groups (most recently Gainesville Entrepreneurship and Adversity Program (GEAP) and Working Food) as well as the State of Florida
- Informal group of interested community economic development stakeholders work on a model last several months focusing on partnership with financial institution, intermediary and City's funding utilized as backstop

GAINESVILLE MODEL

Table 3: Basic Working Model: Gainesville Microcredit Program

Money is raised from public and private sources (ongoing) We select financial institution to partner with; partner institution agrees to underwrite and make the loans We agree with financial institution on minimum and maximum loan, maximum term of loan, and interest rate Financial institution puts our money into a CD We admit entrepreneurs to program (e.g., through GEAP, Working Food, GHA) We work with entrepreneurs (training, consulting, mentoring) and recommend them for loans Financial institution makes final decision on granting the loan, works out terms Financial institution makes loan with their money, uses ours as backstop for defaults; Loans made until full amount of our money is spent; Additional loans depend on repayments We continue to work with entrepreneur (training/consulting/mentoring) and track progress

Financial institution tracks repayment behavior and informs us of problems/defaults; Borrowers who repay loans become eligible for larger loans

QUESTIONS FOR CITY COMMISSION

- Is the proposed structure consistent with the Commission's vision for this type of effort?
- What should City's staff role be with respect to the program? Limited or active?
- Does the Commission have any insight into program details (role/composition of the intermediary, magnitude of loans, target market, financial institution outreach, etc.)
- In terms of the financial institutions what types of entities does the Commission wish staff to reach out to? (staff needs to reach out to Purchasing and the City Attorney's Office to determine appropriate procurement requirements)
- Should the program be open to additional funding through outside philanthropic funding?
- Should there be a grant component to the program?

RECOMMENDATION

..Recommendation

Endorse the general structure of the Entrepreneurial Micro-Credit Program as outlined and direct staff to continue working on program details with identified stakeholders and bring back a final program for Commission approval.